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PUBLIC MEETING
BETWEEN U.S. NUCLEAR REGULATORY COMMISSION O350 PANEL
AND FIRST ENERGY NUCLEAR OPERATING COMPANY

Meeting held on Thursday, February 12, 2004, at
6:00 p.m. at Camp Perry, Oak Harbor, Ohio, taken by me,
Marie B. Fresch, Registered Merit Reporter, and Notary
Public in and for the State of Ohio.

PANEL MEMBERS PRESENT:

U. S. NUCLEAR REGULATORY COMMISSION

- John "Jack" Grobe,
Senior Manager, Region III Office
& Chairman, MC 0350 Panel
- William Ruland, Senior Manager NRR
& Vice Chairman, MC 0350 Panel
- Christine Lipa, Projects Branch Chief
- Christopher Scott Thomas,
Senior Resident Inspector
U.S. NRC Office - Davis-Besse
- Jon Hopkins,
NRR Project Manager - Davis-Besse
- Jack Rutkowski, NRC Resident Inspector
- Anthony Mendiola,
Section Chief PDIII-2, NRR

FIRST ENERGY NUCLEAR OPERATING COMPANY

- Lew Myers, FENOC Chief Operating Officer
- Mark Bezilla, Site Vice President
- Barry Allen, Plant Manager
- Fred von Ahn, Vice President - Oversight
- Gary Leidich,
FENOC President & Chief Nuclear Officer

1 MR. GROBE: Good evening,
2 and welcome. My name is Jack Grobe and I'm the Chairman of
3 the NRC's Davis-Besse Oversight Panel.

4 This meeting tonight is a business meeting between
5 FirstEnergy Nuclear Operating Company and the NRC. We're
6 making this meeting publicly available for observation,
7 both here at Camp Perry and also available to interested
8 persons who have called into our teleconference bridge
9 lines. If everyone can use the microphones, it will ensure
10 effective communication over the bridge.

11 After the discovery of the reactor pressure vessel
12 head degradation of Davis-Besse in March of 2002, the NRC
13 issued a Confirmatory Action Letter to FirstEnergy Nuclear
14 Operating Company documenting commitments made by FENOC.
15 One of those commitments was to meet with the NRC prior to
16 restart to discuss the cause of the head degradation, the
17 actions taken to understand the extent of the problems at
18 Davis-Besse, and the corrective actions taken to address
19 the problems and to prevent recurrence.

20 On November 23rd of 2003, FirstEnergy Nuclear
21 Operating Company provided the NRC their Integrated Report
22 to Support Restart and Request for Restart Approval. That
23 report was subsequently updated and supplemented on
24 February 6th, 2004.

25 Those documents include the information requested in

1 our Confirmatory Action Letter, and also include
2 commitments for continuing improvement in FENOC's
3 Operational Improvement Plan for eOperating Cycle 14 should
4 the NRC authorize restart of the Davis-Besse facility.

5 The purpose of this evening's meeting is for FENOC
6 to discuss the information on in those reports and provide the
7 Oversight Panel an opportunity to ask clarifying
8 questions. The NRC will not be authorizing restart of the
9 Davis-Besse facility this evening.

10 FirstEnergy has prepared slides for this evening's
11 meeting, which are available in the foyer as you came in
12 and on the NRC's website. Also available is a meeting
13 feedback form, which provides an opportunity for you to
14 provide information to us on how we can improve our
15 meetings.

16 In addition, the NRC's monthly newsletter is
17 available in the foyer and it provides an update on NRC
18 activities that have been occurring in the last several
19 weeks.

20 I would now like to take a moment to introduce the
21 other members of the NRC staff that are here this evening.
22 There are several additional members of the NRC's
23 Davis-Besse Oversight Panel here. On my immediate left is
24 Christine Lipa. Christine is a Branch Chief in the NRC
25 Region III Office in Chicago, Illinois responsible for

1 inspection programs at Davis-Besse.

2 On her left is Tony Mendiola. Tony is a Supervisor
3 in our Headquarters Office responsible for licensing
4 activities at Davis-Besse.

5 Next to Tony is Jon Hopkins. Jon is the Licensing
6 Project Manager in our NRC Headquarters responsible for
7 Davis-Besse activities.

8 And next the Jon is Bill Ruland. Bill is a Senior
9 Manager in our Office of Nuclear Reactor Regulations in
10 Headquarters and he's the Vice Chairman of the Oversight
11 Panel.

12 On my right is Scott Thomas. And Scott is the
13 Senior Resident Inspector working at the Davis-Besse
14 facility for the NRC every day.

15 In addition in the audience, I believe we have Jack
16 Rutkowski and Monica Salter-Williams. They're the two
17 Resident Inspectors at the Davis-Besse facility.

18 We have Viktoria Mitlyng and Jan Strasma, Public
19 Affairs Officers for the Nuclear Regulatory Commission.

20 ~~Roland~~ Roland Lickus. ~~Roland~~ Roland is the State Government
21 Affairs Officer.

22 I believe also we have Geoff Wright. Geoff was the
23 Team Leader for the Management and Human Performance
24 Inspection Team that had an Exit Meeting with FirstEnergy
25 this afternoon. And along with ~~Jeff~~ Geoff are two individuals

1 from our headquarters offices that were members of those --
2 of that team, excuse me. And that's Jay Persensky and June
3 Cai.

4 Also in the audience is Rick Skokowski. Rick was
5 the Team Leader for our Restart Readiness Assessment Team.
6 Rick is the Senior Resident Inspector from the Byron
7 Nuclear Station in Illinois. He also presented his
8 inspection findings this afternoon.

9 One of the most important people that's here this
10 evening is Nancy Keller. Nancy is the Resident Office
11 Assistant at the Davis-Besse Resident Inspectors Office.
12 She's the young lady who was greeting you at the door and
13 making sure each of you got copies of the handouts.

14 And, of course, we have Marie Fresch here this
15 evening transcribing our meeting.

16 We have three NRC executives from the Nuclear
17 Regulatory Commission here this evening. Sam Collins is
18 the Deputy Executive Director for Operations of the
19 agency. He has responsibility for reactor programs.

20 Jim Dyer is the Director of the Office of Nuclear
21 Reactor Regulation in Headquarters.

22 And Jim Caldwell is the Regional Administrator, NRC
23 Region III in Chicago. Jim Caldwell is responsible for
24 making the decision on whether the NRC should authorize
25 restart of the Davis-Besse facility.

1 In making that decision, he will receive input from
2 the Oversight Panel, and he is meeting personally with the
3 leaders of various inspections that have been conducted
4 since the shutdown of Davis-Besse in February of 2002. Jim
5 will also consult with Sam Collins and Jim Dyer to gain
6 their insights.

7 Jim, Sam, and Jim have spent yesterday and today
8 meeting with the Resident Inspection staff and various
9 panel members and touring the Davis-Besse facility.

10 I would like to take a moment now to invite any
11 public officials or representatives of public officials;
12 give them an opportunity to introduce themselves that are
13 here this evening.

14 MR. PAPCUN: John Papcun,
15 Ottawa County Commissioner.

16 MR. ARNDT: Steve Arndt,
17 Ottawa County Commissioner.

18 MR. KOEBEL: Carl Koebel,
19 Ottawa County Commissioner.

20 MR. WITT: Jere Witt, Ottawa
21 County Administrator.

22 MR. GROBE: Okay, very good.
23 Thank you very much and welcome.

24 Gary, I understand that you have some opening
25 comments and you would like to introduce your staff.

1 MR. LEIDICH: Yes, thank you

2 very much, Jack, and good evening.

3 I really appreciate the opportunity to address the
4 panel this evening. I would like to start with perhaps the
5 most important introduction. We have several of our
6 employees, and, in fact, many of your employees here this
7 evening. I would just like to acknowledge their presence
8 and, more importantly, acknowledge the fine and hard and
9 dedicated work that they've accomplished over the past
10 couple years associated with this restart. Quite frankly,
11 this Senior Team would not be sitting here, but for your
12 excellent effort in getting Davis-Besse ready for return to
13 service. So, we appreciate that very much.

14 And we do appreciate the opportunity to address the
15 panel. It's been a challenging couple of years for us at
16 Davis-Besse, and for the company, but we are looking
17 forward to the opportunity to run the facility again.

18 Our purpose here tonight is to summarize the last
19 two year's worth of activity. We're going to try to cover
20 two years in about 30 to 40 minutes, but most importantly,
21 to put that behind us in many respects; to make sure that
22 we learn from it; to make sure that we acknowledge the
23 change that we've accomplished at Davis-Besse over the past
24 year or so; and to represent that as a strong foundation
25 for going forward in the future.

1 We're also here to make clear our commitment for a
2 strong safety focus, going forward 24 hours a day, 7 days a
3 week at the Davis-Besse nuclear facility. Part of that
4 focus is the strength of the Senior Management team that's
5 here at this table tonight. I would like to introduce
6 them.

7 First of all, on my far right is our Plant Manager,
8 Barry Allen. As discussed at previous meetings, we
9 recruited Barry from the Entergy System, who had many years
10 of operating and engineering experience.

11 To his immediate left is Mark Bezilla, our Site Vice
12 President. Mark was originally licensed at Davis-Besse
13 years ago, went off to PSE&G Salem ~~Oak~~ Hope Creek and has also
14 been back at our Beaver Valley Station, and came over to
15 Davis-Besse several months ago.

16 To my immediate right is Lew Myers. Lew has over 30
17 years of operating experience in a variety of utility
18 settings; and as all of you know, Lew has been intimately
19 involved here at Davis-Besse at the restart. He's our
20 Chief Operating Officer for FirstEnergy Nuclear Operating
21 Company.

22 To my immediate left is Fred von Ahn, Vice President
23 of Oversight. Fred reports directly to me in that role and
24 also has a dotted line reporting relationship to the
25 Nuclear Committee Board of Directors.

1 Also in the audience from our Executive Office at
2 FENOC is Joe Hagan. Joe is our Senior Vice President of
3 Engineering and Services, and we've also been fortunate to
4 recruit Joe from Excelon, where he was responsible for the
5 entire mid Atlantic Regional Operating Group and their
6 operating facilities.

7 Let's go to the next slide, please.

8 This is our meeting agenda. Without any further
9 delay, I would like to turn it over to Lew Myers.

10 Lew.

11 MR. MYERS: Thank you, Gary.

12 "I don't measure a man's success by how he climbs,
13 but by how high he bounces when he hits the bottom."

14 That's a quote from George S. Patton. In March of 2002, we
15 hit the bottom when we found the damage on our reactor
16 vessel head.

17 We, the FENOC staff, have accomplished a lot since
18 that time. Accomplishment is defined as the act of
19 achievement. Today we have bounced back.

20 We have three desired outcomes that I would like to
21 share with you. First, to provide you and the public with
22 an overview of the many safety improvements that we've made
23 over the past two years. Second, to demonstrate that our
24 people, our plant, and our programs are ready for a safe
25 return to service and operations. Third, to request NRC's

1 approval tonight for restart.

2 Our Return to Service Plan has been a tool that's
3 been used to guide us since May of 2002. This plan was
4 developed to address the root cause, extent of condition,
5 and the corrective actions needed for restart. I would
6 like to take a few moments to discuss a few of the many
7 accomplishments.

8 After we discovered -- next slide.

9 After we discovered the damage on the reactor vessel
10 head in March, on March 5th of 2002, we began taking strong
11 actions to resolve the issue. First, and most importantly,
12 we promptly reported the damage to the industry. Second,
13 in April of 2002, we submitted what I think is a thorough
14 Root Cause Report to the NRC. Third, in August of 2002, we
15 completed a detailed Management/Human Performance Root
16 Cause and shared that report and the findings with you and
17 the public, as well as the industry.

18 The issues focused on stress corrosion cracking and
19 boric acid corrosion, management acceptance of degraded
20 material condition, deficiencies in several of the
21 Davis-Besse programs.

22 Finally, between April and June, we placed a strong
23 management team and a strong Independent Oversight Panel in
24 place to guide the Return to Service Plan.

25 On May the 21st of 2002, we submitted our

1 Davis-Besse Return to Service Plan, which is provide the
2 guidance for many of the accomplishments that we have, that
3 brought us to the implementation of the return to safe and
4 reliable operation of our unit.

5 As you recall, the Return to Service Plan provided
6 the basis for Davis-Besse's course of action for both safe
7 and reliable operations in the future. This plan was
8 designed to address six sets of commitments in the
9 Confirmatory Action Letter that we received on May of
10 2002. Let me tell you, there is a lot of strategic
11 activities that took place between March 5th of 2002 and
12 May of 2002.

13 The Return to Service Plan consists of seven
14 Building Blocks, and a strong experienced Restart Oversight
15 Panel that once again ensured comprehensive implementation
16 of our plan.

17 To-date, six of the Building Blocks are complete as
18 shown. The Restart Oversight Panel has recommended restart
19 for the Davis-Besse station. The station is implementing
20 the Restart Action Plan. That plan is the administrative
21 building block that is used to monitor and drive close both
22 regulatory issues and our management items and was designed
23 to stay open until a hundred percent power.

24 Next slide.

25 MR. RUTKOWSKI Ruland: Lew.

1 MR. MYERS: Yes?

2 MR. RUTKOWSKI: You mentioned the
3 Restart Overview Panel. Do you intend to keep that
4 oversight, the Overview Panel together, disband subsequent,
5 if in fact we approve restart?

6 MR. MYERS: We intend to shift
7 some of the members of that panel, which we've already
8 done, to our Independent Oversight Review Board, and keep
9 that type of interface in place, but not that panel as
10 such.

11 MR. RUTKOWSKI: Thank you.

12 MR. GROBE: Lew, could we go
13 back to slide 5 just for a moment? Thank you.

14 I wanted to make an observation and understand your
15 thoughts. You indicate you completed a comprehensive root
16 cause analysis and identified the causes of the head
17 degradation and the organizational problems. And in the
18 end, we agreed with you and we concluded that you did
19 perform a comprehensive root cause.

20 But the first time that the Management/Human
21 Performance Inspection Team came in to do their first phase
22 of the inspection, which was an examination of your root
23 cause, they found that the work that you had done was done
24 well, but it wasn't sufficiently broad or deep to address
25 all of the issues that needed to be addressed. And, you

1 then further expanded that, looking in other areas like
2 Engineering and Company Nuclear Review Board and corporate
3 commitment and things like that.

4 Could you talk a little bit about the need for
5 expanding that and why the first inspection, first time we
6 came in, it wasn't at the level of breadth and depth it
7 needed to be?

8 MR. MYERS: The way I would
9 characterize that, I think because that root cause, we
10 brought in some very sophisticated, experienced people to
11 look at the total root cause. We used a combination of, I
12 think it's MORT and several other root cause type
13 analysis. We put a team together, they spent months, I
14 think going back to the 70's looking at items, and
15 developed what I thought was a very comprehensive Root
16 Cause Report.

17 Now, after that, we shared that with you, and we
18 came in and we were willing to go deeper in specific
19 organizations that affected that root cause. Those
20 organizations was our Quality Organization, our Engineering
21 Organization, our Operations Organization.

22 So, we took and did vertical slices of those groups
23 to try to understand better what was going on in those
24 areas. We had good examples, like lack of involvement in
25 some areas of Operations or Engineering rigor. So, we went

1 through those vertical slices to try to understand exactly
2 what we needed to change, and that global root cause would
3 not do that for you.

4 MR. GROBE: Okay.

5 MR. MYERS: Okay.

6 The next slide.

7 In our July 2003 Public Meeting, we provided you an
8 update on the arrival of a new reactor vessel head at our
9 site. Many people in the industry thought that the head
10 repair was the simplest method to return our Davis-Besse
11 station to service.

12 We elected to purchase a new head from the Midland
13 plant. That reactor head had never been used, but we
14 completed a comprehensive testing of the head and
15 radiography inspections to ensure the quality prior to
16 installation.

17 Finally, on October of 2003 meeting, we provided
18 both you and the public with the results of an RCS Pressure
19 Test, Reactor Coolant System Pressure Test, with our new
20 reactor vessel head installed. That test demonstrated
21 confidence in our plant, in our equipment, and finally in
22 our new reactor vessel head.

23 We performed the test at 50 pounds and looked for
24 leaks, 250 pounds per square inch and looked for leaks, and
25 finally went on up to normal operating pressure of 2155

1 pounds, we completed a detail and thorough review of the
2 entire Reactor Coolant System on October the 7th. This
3 week, we successfully completed the final test; the
4 Control Rod Drive Insertion Test. That test validates
5 proper movement of the control rod drives.

6 The reactor is at normal operating pressure
7 temperature today, and the reactor vessel head fully
8 supports return to service of our station.

9 Next, our Containment Health is excellent. The
10 Containment Health Building Block was charted to evaluate
11 and disposition the extent of condition throughout the
12 Reactor Coolant System; so, the Reactor Coolant System and
13 the Containment System. Many accomplishments have been
14 completed that went far beyond this charter.

15 We now have a Containment Sump that I believe is a
16 model for the industry. We solved a longstanding issue by
17 installing a Decay Heat Valve Tank in our Containment. We
18 refurbished completely two Reactor Coolant Pumps, both pump
19 and motor. We are the only plant that can now continuously
20 monitor the reactor vessel bottom head for leakage with our
21 new FLUS Monitoring Leakage System.

22 We installed a Permanent Reactor Cavity Seal that
23 will continue to reduce radiation dose and refueling outage
24 throughout the future and protect the reactor vessel from
25 possible leakage from the refueling canal.

1 We removed the fibrous insulation from our
2 Containment. We installed additional upgrades on or
3 Containment cranes to improve both safety and reliability.

4 We demonstrated our Containment integrity was good
5 with a solid Integrated Leak Rate Test. That test was
6 performed at a slightly higher pressure than normal to once
7 again gain additional operating margin.

8 We performed a comprehensive inspection of our fuel,
9 made some modifications to ensure quality fuel reliability
10 throughout this site.

11 We thoroughly addressed the extent of condition of
12 boric acid which was in our containment. We conducted a
13 Boric Acid and Alloy 600 Component Inspections and to the
14 extent of corrective actions.

15 We repacked over a hundred valves. We completed
16 2500 restart corrective actions. We installed new coolers
17 in our Containment Cooling Unit. Then we upgraded the
18 thermal performance of the units and replaced the duct work
19 with stainless steel.

20 Our Reactor Coolant System has demonstrated
21 excellent integrity. The Containment systems and
22 structures are in excellent material condition. Our
23 outside oversight groups have commented on the excellent
24 material condition of the Containment.

25 I know that you and your staff toured our

1 Containment last night. This building and the RCS fully
2 supports restart.

3 MR. RUTKOWSKI: Are there any
4 work -- I know your presentation really is a high level
5 presentation about the major things that you've done. Are
6 there any items that you have left in your work list as we
7 stand here that you need to work off between now and when
8 you change modes?

9 MR. MYERS: Not in
10 containment. We have the restoration of our transformer.
11 Is there anything else that you have?

12 MR. BEZILLA: No.

13 MR. MYERS: No, that's it.

14 MR. RUTKOWSKI: Other than the
15 restoration of the transformer, you believe that's the only
16 work you believe you have remaining?

17 MR. MYERS: That's correct.

18 MR. GROBE: Lew, in the last
19 three slides, you've covered the Reactor Vessel Head
20 Replacement and Containment Health and Containment Extent
21 of Condition. The Reactor Vessel Head Replacement, we did
22 extensive inspection of the replacement head and the
23 methods by which you certified that head and had very few
24 problems, and that was accomplished very well.

25 In a number of these, on your slide 8, a number of

1 these Containment Health issues are clear commitments on
2 the part of your staff to make improvements; and while we
3 may have had some inspection findings on some of these
4 issues, overall that was a positive situation also.

5 But the initial evaluation of Containment Extent of
6 Condition, as I recall, that activity was initially
7 conducted in such a way that it would not provide reliable,
8 consistent results of the evaluation of the extent of
9 condition of the boric acid corrosion inside Containment
10 and you needed to stop work and ended up writing new
11 procedures and training programs and qualifying your staff
12 to a higher level of capability in accomplishing those
13 inspections and then you recommenced work. It was about a
14 30-day stop work, if I recall.

15 MR. MYERS: That's correct.

16 MR. GROBE: Could you give me
17 some insight from your perspective as to why some of these
18 activities occurred very well and other activities seem to
19 have some substantial blips in the process?

20 MR. MYERS: Yes. We have the
21 qualification program, that's a visual examination program,
22 VT-2. That's pretty standard in the industry.

23 When we started doing the inspections for boric acid
24 leakage, when we got to asking some questions, and you all
25 asked some questions too; that's a visual examination for

1 rust and deterioration of components, but it's not, it's
2 not a training program that qualifies people to look for
3 Boron, and boric acid damage.

4 So, we came back and said "What does that mean?"
5 There was not an industry program that we found, so we
6 created our own. And what we wound up doing is developing
7 our own training program, which includes the VT-2 plus some
8 additional training that we wanted to qualify people to,
9 and then we went and did our inspection. I think, I don't
10 remember, I think we qualified like 20 or 30 people at that
11 training program.

12 What that did, it gave us, it bounded that question
13 that was raised about the qualifications of individuals.

14 MR. RUTKOWSKI: Lew, what was that
15 program called where you qualified the inspectors; do you
16 remember?

17 MR. MYERS: It's physically
18 call the Boric Acid Inspection Program.

19 MR. RUTKOWSKI: Thank you.

20 MS. LIPA: I have one other
21 question. On the bottom of page 8, you talked about ensure
22 fuel integrity and you mentioned modification. Are those
23 procedure, fuel handling procedure modifications actually
24 hardware modifications?

25 MR. MYERS: Hardware

1 modifications. There was several places where the flows
2 were such in the core, if you look at our vendor,
3 Framatone, they recommend that we make some minor mods
4 there in some pins; some pins, in some stainless steel
5 pins.

6 We also inspected a hundred percent of our fuel, one
7 hundred percent. And we did, I always call it a fuel
8 sifting process, one hundred percent fuel.

9 MS. LIPA: Okay, thank you.

10 MR. MYERS: Yes.

11 Once again, our Containment Building, we believe
12 fully supports restart.

13 Our System Health Review; our System Health Building
14 Block was chartered to perform the operational review on
15 our systems and for the safe and reliable operations of the
16 Davis-Besse station. This comprehensive review consisted
17 of the following three separate reviews.

18 We did an Operational Readiness Review of the
19 Maintenance Rule Systems that was performed by the System
20 Engineers and the Plant Manager.

21 We then performed System Health Reviews on 31 Risk
22 Significant Systems.

23 And finally, we went back and performed five Latent
24 Issue Reviews looking for hidden type problems on an
25 additional five systems.

1 Many actions were taken as a result of those
2 reviews. Over a 140 modifications have been made on our
3 systems. Over 7,700 work orders were completed. Once
4 again we repacked, I think, around 140 work order valves in
5 the Reactor Coolant System in the Containment area.
6 Approximately 2,000 Condition Reports were written, and
7 2,800 associated Corrective Actions have been completed.
8 15,000 tests were performed; 2200 Preventative Maintenance
9 Tests.

10 We went beyond the regulatory requirements and
11 upgraded the air system on our emergency diesel generator
12 and installed two new air dryers on our emergency diesels,
13 ensuring good long performance there.

14 All systems with performance issues, Maintenance ~~A-1~~ Rule (a)(1)
15 Systems, we call those, were repaired. That's not to say
16 there is not some new additional ~~A-1~~ (a)(1) Systems. I think
17 today there is one, heat trace.

18 We believe our system health is good, and fully
19 supports the restart of the Davis-Besse station.

20 MR. HOPKINS: Lew, I have a
21 question. 1996, NRC issued a ~~5054 F-line~~ 10 CFR 50.54f letter on design basis,
22 which you developed a number of corrective actions in
23 regard to. Do you still have some corrective actions open
24 in response to that?

25 MR. MYERS: I'm familiar with

1 that. Jim Powers, I think, is in the audience. Do you
2 want him to answer that?

3 MR. POWERS: Sure.

4 MR. MYERS: Jim is our
5 Director of Engineering.

6 MR. POWERS: Jim Powers,
7 Director of Engineering at Davis-Besse.

8 We still have several of the calculation updates
9 that we're working on, Jon. We had, as you know, we had
10 done a Design Basis Validation Project as part of the
11 commitment for the ~~54-F~~ 50.54f letter and there was a large number
12 of calculations that were reviewed and a number of them
13 were identified for improvements to be done and they were
14 categorized based on their importance and safety
15 significance, and some of the lower level ones remain to be
16 updated and completed, and that work continues to on go.

17 MR. HOPKINS: Okay, but the
18 remaining ones are still all in your Corrective Action
19 Program?

20 MR. POWERS: That's correct.

21 MR. HOPKINS: And determined not
22 necessary for restart?

23 MR. POWERS: Right, that was an
24 important improvement that we made as part and course of
25 this outage was to ensure that all those actions were

1 entered into our Corrective Action Program.

2 MR. HOPKINS: All right, thank
3 you.

4 MR. MYERS: Our programs meet
5 both the industry and regulatory standards, and in some
6 cases set a new benchmark for the industry. The charter
7 for the Program Building Block was to ensure that listed
8 programs are fulfilling the required obligations, including
9 interfaces and handoffs and are sufficient to support safe
10 and reliable operation. That was the charter of that
11 building block.

12 65 programs received the Phase One Review to ensure
13 that they meet industry requirements, they have good
14 ownership, and then we are implementing the Program program
15 properly.

16 Six programs received a detail systematic review
17 looking for latent-type issues. There's a slide we're
18 missing here.

19 The Boric Acid Control Program is I believe an
20 industry standard program. The Quality Assurance Program
21 is now independent and reports to the President of FENOC
22 and the Nuclear Committee of our Board. The Corrective
23 Action Program has been benchmarked against industry
24 standards. The In-Service Inspection Program, Operating
25 Experience Program and Plant Modification Program have all

1 been strengthened.

2 Finally, at the beginning of this outage, our Health
3 Physics Program had concerns. We are confident today that
4 both our people and our program in Health Physics
5 represents the highest industry standards. We are
6 ~~competent~~ confident that our plant programs meet and, once again in
7 many ways, set a new industry standard.

8 MR. RUTKOWSKI: Lew, you stated
9 the Boric Acid Control Program was an industry standard
10 program. Can you give me an example of a facet of that
11 program, why you believe that's the case?

12 MR. MYERS: One of the things,
13 we think for instance our training program is unique. We
14 also have an engineer that physically, we have a dedicated
15 Boric Acid Program and engineer that physically has
16 ownership of that program and tracks that boric acid leaks
17 individually. And we think that is unique and the
18 inspections we do are unique.

19 Jim, do you have anything you want to add to that?

20 MR. POWERS: As you said, Lew,
21 we do have a dedicated owner for the Boric Acid Corrosion
22 Control Program that came to us from our Beaver Valley Unit
23 in Pennsylvania. He volunteered to come and take control
24 of that program. He's been working with the plant
25 engineers to make sure we have a strong program in place.

1 Going forward in the future, we think it's one of the
2 leadership programs in the industry.

3 And, particularly, one of the important improvements
4 that we made was to link it to our other related programs,
5 such as our In-Service Inspection Program and our Leakage
6 Reduction Program, so that they integrate, and the
7 observations and findings in one program are communicated
8 to the other program owners. We can see the synergy
9 between them, that give a stronger network of programs as a
10 result.

11 MR. MYERS: Part of that
12 program is RCS Leakage Procedure that we have. That is
13 very unique also. That looks for changes, not just the
14 calculations, but changes in other systems.

15 MR. RUTKOWSKI: Thank you.

16 MR. GROBE: Lew, before you go
17 on. Again, a similar question to what I asked before. In
18 your System Design Reviews, you found by and large, our
19 inspections found that those were performed very well, and
20 you continue expanding the scope of reviews until you're
21 satisfied you understood the full extent of condition,
22 including boric design, detailed design reviews and
23 cross-cutting topical area reviews.

24 In many of the programs on slide 11, program reviews
25 that you conducted were good, but there were two programs

1 that, one is the Radiation Protection Program, which was
2 added to the Restart Checklist specifically in response to
3 some risk significant findings regarding the control of
4 exposure to the contamination, and the control of internal
5 dose.

6 MR. MYERS: The tiny discrete
7 particles.

8 MR. GROBE: Right. And,
9 secondly -- and that was something that found you.

10 MR. MYERS: Right.

11 MR. GROBE: And our inspection
12 continued to explain and further develop the extent of
13 those problems. It wasn't something that you found.

14 And then the Corrective Action Program, the
15 inspection in that area, identified some 20 to 30
16 violations and identified some fairly substantive concerns
17 in the quality of engineering work products, which again,
18 you didn't identify this through your own internal reviews
19 and assessments.

20 I'm still struggling. I've asked the question three
21 times on three different topics now and I'm still
22 struggling to understand why some activities seem to be
23 performed very well, other activities seem to be not always
24 hitting the mark.

25 MR. MYERS: Well, the two

1 questions are somewhat different. The question on the
2 Health Physics Program, you're right, that we did find the
3 issue with the tiny discrete particles. I think we took
4 that on well. It took us some time to get our hands around
5 it. Once again, if I go look today, based on procedure
6 changes we made, management changes we made, and training
7 and stuff we've done with our employees, the feedback that
8 we get now is that our HP programs, you all gave us and the
9 industry gave us, are some of the best in the nation.

10 That being said, if you go look at our Corrective
11 Action Program, Corrective Action Program consists of, you
12 know, identification. You know, I think if you look
13 throughout this period, no one has ever questioned our
14 identification threshold is extremely low. Then, it has to
15 do with analysis. And, then, it has to do with fixing the
16 problems.

17 Well, the area that we've had some issues in is the
18 analysis phase or discovery phase, whatever you want to
19 call it there. We've had none where we had to go back and
20 follow up, reinstall a pump or anything.

21 One of the things I brought some data with me
22 tonight, if I can find it. That we're back, we created our
23 Engineering Review Board to, to strengthen the quality of
24 products coming out of Engineering, the rigor.

25 Now, that board is part of the process. That's a

1 permanent part of the process. So, that being said, you
2 know, we think the quality of documents given to that board
3 has been pretty good. When the Restart Readiness Assessment Team Inspection) RRATI
4 Team came in, most of the issues they had were in the calculation area. So, we
5 took data and calculations, the issue you brought up awhile
6 ago, Jon.

7 So, we've taken that, we're sending the calculations
8 through the Engineering Review Board now. What we've done
9 is created a detailed set of attributes that are like this,
10 and if you go look at the engineering quality of them as a
11 board, we're seeing some very good positive trends now.

12 So, we think that was something that was not going
13 through our Engineering Review Board. We've got them going
14 through there now. That's having a very good positive
15 effect on the quality of calculations, which 90 percent of
16 the issues you're talking about were in, you know.

17 MR. GROBE: I don't think
18 you're quite hitting the nail on the head. Maybe we can
19 continue dialoguing this as we go on. The question, I
20 don't have a question regarding once an issue is clearly
21 brought to your attention; you address it comprehensively.

22 MR. MYERS: Right.

23 MR. GROBE: And the issues on
24 the Radiation Protection Program, when we came back and did
25 our supplemental inspection several months later found that

1 the improvements were substantive; similar to the
2 discussion we had this afternoon on Operations; between
3 December and February, there was a step change in
4 performance.

5 My question is, why is it that we come in and
6 inspect some programs, some calculations, some engineering
7 reviews, some inspections, and find them done very well;
8 and come in and inspect some other areas and find some
9 problems? And, what is it that's causing that over the
10 past two years, causing some level of inconsistency?

11 MR. MYERS: I think if you go
12 look at the past two years, we went through the Building
13 Blocks. The Discovery Phase, we brought in hundreds of
14 people in system walkdowns, all the mods and everything
15 else. Now that we're at this point with our plant on
16 standby, we're able to focus. We don't have as many issues
17 to deal with. And what that's going to allow us to do is
18 physically implement the FENOC Self-Assessment Process.

19 We have done a lot of self-assessments over the past
20 two years, have not been systematic based on feedback from
21 our Corrective Action Program, if you will. One of the
22 things we typically do -- as you know, we quit trending
23 Corrective Actions because of all the {Condition Report} CRs put in there.

24 One of the things we do is look at those trends and
25 then focus self-assessments in place with high level teams

1 of FENOC personnel and outside personnel to go look for
2 those type of issues. And, we normally have latent type
3 issue reviews.

4 I think we still have some spotty implementation of
5 some of our programs that you're talking about. And I
6 think now that we've got the plant on standby, and we have
7 all this discovery using our normal processes, we'll
8 continue to see good strong improvement using our
9 Self-Assessment Program. In fact, we've already got, I've
10 got a list of all the self-assessments lined up for next
11 year already -- this year, I'm sorry.

12 MR. GROBE: I don't want to
13 leave an incorrect perception, you know, that the head
14 degradation was the highest level of risk significance that
15 our agency has, it was a red finding; and some of the other
16 issues that were identified were less significant
17 findings.

18 MR. MYERS: Right.

19 MR. GROBE: The containment
20 sump clogging, containment coatings issues was a yellow
21 findings, Rad protection issues were white findings.

22 More recently, all of the findings that we, have
23 been, are lowest category, green or minor issues. So,
24 there has been a steady improvement as far as the
25 significance of the findings.

1 What I'm trying to get at, I think we just need to
2 continue going through the meeting and we'll keep thinking
3 about this, is why there is this kind of inconsistency.
4 So, let's go on. It's in the back of my mind and I'll
5 still think about it and probably ask more questions.

6 MR. MYERS: Good.

7 I think I ended though, we're confident that our
8 programs are effectively implemented to support restart,
9 and we will set a new standard.

10 The next area, Management and Human Performance
11 Building Block created both a comprehensive leadership and
12 comprehensive organizational development actions that we
13 need to ensure that the Davis-Besse station will safely
14 operate and reliably operate.

15 The new corporate management at FENOC, as the Chief
16 Operating Officer, my new job, was created to ensure
17 consistency of operations in the FENOC plant. We also
18 created the VP of Quality Assurance that reports directly
19 to the President of FENOC and Nuclear Committee of the
20 Board. Our corporate organization and that governance that
21 we have today, I believe would prevent this type of issue
22 in the future.

23 We took prompt actions to place a strong management
24 team at the site. Let me take a moment to describe them.
25 The Senior Leadership Team at our site has over 125 years

1 of nuclear experience and all have Senior Reactor Operator
2 experience.

3 The Management Team at the site has over 225 years
4 of nuclear experience, and 10 of the 13 have Senior Reactor
5 Operator experience. The jobs that don't, are jobs like
6 Human Resources, which you wouldn't expect to have that
7 in.

8 We completed the Root Cause Training for many of our
9 employees, over a hundred. We enhanced the Corrective
10 Action Program. We created a new Problem-Solving and
11 Decision-Making Nuclear Operating Procedure. Standards and
12 Expectations Training has been completed for all our
13 employees. We trained each and every employee on our
14 Safety Culture Model, and had them assess us as a
15 Management Team. Then we performed Operability Training
16 for our SROs and engineers.

17 Next slide.

18 Finally, the Restart Test Plan Building Block was
19 designed to assess the Reactor Coolant System, the
20 operation -- Operational Programs and the Leakage Control
21 Program. The NOP Test, being, demonstrated confidence in
22 our plant systems. That test demonstrated good confidence
23 in the plant systems.

24 We thoroughly tested the safety equipment, including
25 the Safety Features Actuation System, the Reactor

1 Protection System, the Steam and Feedwater Line Rupture
2 Control System.

3 We completed numerous inspections on our primary
4 systems as well and completed hundreds of corrective
5 actions. These systems include the Reactor Coolant System
6 and the Makeup and Purification System. We validate the
7 RCS leakage integrity and the sensitivity, if you will, of
8 our new FLUS Monitoring System.

9 We have inspected and operated secondary systems,
10 including the Condensate System, the Circulating Water
11 System and the Main Steam System. We have demonstrated a
12 positive Safety Culture at the Davis-Besse station and good
13 teamwork.

14 We have focused on the industrial safety, nuclear
15 and radiological safety, and organizational effectiveness.
16 Our new Problem-Solving and Decision-Making Process has
17 been effectively exercised. I think you all have monitored
18 that plan, that process being exercised.

19 Once again, I believe this process alone would have
20 prevented the reactor vessel head event. I think that we
21 have demonstrated that the, the Restart Test Plan supports
22 restart of the unit.

23 In summary, we performed detailed root causes and
24 demonstrated good integrity when we did that, Jack. We
25 have completed comprehensive actions from the building

1 blocks and went far beyond the regulatory requirements in
2 many areas.

3 We have demonstrated our ability to operate the
4 plant both safely and reliably. We have people with a
5 strong safety focus. We are now ready to return the plant
6 to service in a safe and reliable operation. Thank you.

7 MR. THOMAS: Lew, I have a
8 question. This afternoon, you heard one of our inspection
9 team leaders tell you that his team had observed a step
10 increase in performance of your staff over the last they
11 were, over the first time this team had looked at your
12 performance.

13 Briefly, what would you attribute that increase in
14 performance to?

15 MR. MYERS: If you go look at
16 the performance, what we did is, there is a chart that we
17 have, it's a root cause chart, which we went back over a
18 year or so ago and plotted all the issues in Operations.
19 What you found was when the plant was sitting there with no
20 fuel or fuel loaded, Mode 5, then, you know, we didn't see
21 many issues.

22 As we moved forward into the complex evolutions of
23 the heatup, what I call very complex evolutions, we started
24 finding deviations between the way we trained, the way we
25 physically operated the plant. And, we had some issues in

1 the first, the heat up of the plant. We identified
2 basically the same issues that you did.
3 We came down, we took what we thought were
4 corrective actions. Got ready to heat back up again. We
5 got back into those complex issues, we saw some performance
6 improvements, but not the level of performance we expected
7 to see. So, we stopped. We looked at it. And that's when
8 we pulled the Integrated Root Cause Team together I talked
9 about.

10 What we found in that area is that many of the
11 corrective actions that we, many of the issues had
12 corrective actions that had been properly implemented by
13 the management team in Operations would have improved the
14 performance to the standards you're seeing today. Based on
15 that, we had to make some changes in the Operations
16 management performance. That's what we did. That's what I
17 attribute that to; lack of really detailed implementation
18 of corrective actions.

19 MR. THOMAS: I guess a logical
20 follow-up question to that would be, to what do you
21 attribute any confidence going forward? Is the management
22 team put in place, is that what gives you the confidence
23 that the performance will continue going forward?

24 MR. ALLEN: Scott, I think
25 that's part of, we have a good leadership team in place at

1 the station. We've also given a lot of thought to what we
2 need to do to sustain continued improvement of performance
3 down the road, because good performance is not just stable
4 performance, it's improving or trying to achieve
5 excellence.

6 Part of our Operational Improvement Plan for this
7 cycle, one of the things we're looking at is the actions we
8 can put in place to ensure we do maintain our progress.

9 I think Lew talked a little about the focus
10 self-assessments. As we get out of this phase where we
11 have so many outside folks in assessing our performance,
12 returning to the FENOC model of the focus self-assessments,
13 which still use external forces to FENOC and to people in
14 FENOC to come help us perform those assessments.

15 Our ongoing assessments, observation cards, and
16 those type of activities which you routinely see in this
17 exercise, those will continue. And we've not had a great
18 deal of opportunity to do benchmarking except in very
19 limited cases. So, we've laid out benchmarking plans and
20 we're laying out self-assessments plans to make sure we're
21 not an isolated station. So, we're out looking at what the
22 best industry practices are to help us ensure improving our
23 performance.

24 We're looking at an Operations Staff Plan over the
25 next five years. We're hiring additional [Senior Reactor Operators] SROs, get some

1 bench training. Allow us to rotate Operations performance
2 throughout more organizations on the site. That, I
3 believe, will give us a good operational focus, not just
4 out of Operations, but from a site perspective, will help
5 us beef up our training, improve our training everywhere we
6 can within the Operations Department.

7 We're utilizing FENOC to help leverage Conduct of
8 Operations standards throughout the fleet, so it will be
9 standard with FENOC and then we'll go benchmark that
10 against Institute of Nuclear Power Operations and other
11 higher performing utilities to ensure we have the highest
12 standards in relation to quality.

13 We've got our Operations crews where we're working
14 on our procedures. We looked at our complex integrated
15 procedures for heating up and cooling down the plant. We
16 went through and worked very hard on those to ensure those
17 were verified, validated, run on the simulator. We're
18 going to take that same experience, which has been very
19 successful for us, expand that to other aspects of
20 operational procedures and make sure we can leverage that
21 going forward also.

22 So, we're looking at a great number of things. All
23 of which comes back to again the leadership team, the
24 management team we have in place, setting those activities
25 in motion; and then utilizing internal forces, FENOC

1 resources, and external resources to help us benchmark,
2 self-assess, and assure that we are maintaining sustained
3 improved performance.

4 MR. BEZILLA: Scott, I believe
5 Barry's presentation will address some of those, address
6 your question also.

7 MR. THOMAS: Sorry to jump
8 ahead.

9 MR. MENDIOLA: If I could also,
10 prior to your presentation, but you gave a lot of different
11 areas where you're seeking to excel. Have you discovered
12 or determined any specific area or areas that you, if you
13 will, your highest priority to work on?

14 MR. ALLEN: That's a good
15 question, Tony. I think we seen, the area that we felt
16 like was the most significant to us in the last several
17 weeks, was the formality in the rigor in which we addressed
18 technical specification actions. And, so, we have taken
19 probably the most significant actions in that area, and
20 we're working very hard to make sure we have that
21 formalized right on the detail.

22 So, we're ensuring on those type of activities,
23 where we're interfacing the technical specifications and
24 [Limiting Condition for Operations] LCOs, that we actually get the tech specs out. We brought
25 the book over, we read it, be sure we get a peer check.

1 I'll cover this more in my presentation, but we're
2 involved with the crew in there. We're building in layers
3 to ensure we do a good job from a Human Performance
4 perspective and then we're building those expectations into
5 our log keeping and other tools to ensure that we don't
6 forget to do some of those things, and we're putting that
7 structure in our programs, as well as working on the
8 individual performance.

9 MR. THOMAS: I have one
10 follow-up question.

11 MR. ALLEN: Yes, Scott.

12 MR. THOMAS: I believe it was
13 either Mark or Lew stated that they attributed the increase
14 in performance primarily due to some organizational changes
15 that had occurred recently. What did these individuals
16 bring to your, bring to your staff that caused these
17 changes to occur?

18 MR. ALLEN: Scott, a few
19 things. I think we're looking at some individuals in new
20 positions, as far as Davis-Besse sees them right now, but
21 in reality the individuals that we have put in, for
22 instance, as the Operations Manager and the Operations
23 Superintendent, those individuals are not new to those
24 positions; they both have prior experience in those roles,
25 okay, in those positions.

1 So, we have experienced people with those tasks.
2 They have been successful in those roles, now back in those
3 roles to help us be successful. They are doing a good job
4 of taking standards and applying them and putting forth the
5 expectation as Plant Manager, and they're holding the shift
6 managers and the supervisors accountable to that level of
7 performance, okay, and those individuals are doing the same
8 with their crews.

9 So, what we're seeing is increased ownership and
10 accountability on the part of the organization, and we're
11 seeing good follow-up and checking to make sure that we're
12 getting the results we desire. So, it's, I think it's
13 taking the proper actions.

14 And then the oversight, not only from the external
15 folks who we have help from, but just from our management
16 leadership team, going out and checking and making sure we
17 are getting the changes we want forward; and if we're not
18 getting those cases, you know, on individual cases, we're
19 correcting those promptly and in a timely fashion to ensure
20 that we resolve issues, you know, as they, as they arise
21 before they become more generic behavior or problematic
22 issues throughout the Operations group.

23 MR. MYERS: I've finished my
24 presentation. I was going to turn my presentation over to
25 Barry Allen now.

1 MR. GROBE: I apologize for
2 that. This has been very helpful, because it's, it's
3 brought into focus, rather lengthy period of time
4 activities, a lengthy period of time. On your slide 13,
5 you highlighted Containment Integrated Leak Rate Test;
6 that was done extremely well.

7 MR. MYERS: Right.

8 MR. GROBE: Some of our best
9 inspectors were evaluating your performance in the
10 preparation of those procedures, and preparation for the
11 conduct of the test, the actual conduct of the test. And,
12 in particular, her comment was, it was very, very
13 adequate. And that's about as good as it gets.

14 MR. MYERS: You don't give
15 excellents?

16 MR. GROBE: Very, very
17 adequate. (laughter)

18 And the Normal Operating Pressure Test, the fact
19 that you committed to that test, that commitment was far
20 beyond the ASME code requirements, and we're going to be
21 getting into operational performance in a little bit, but
22 during the conduct of the test, there was a variety of
23 operational problems.

24 And, again, one of the very difficult challenges
25 that I feel and I face as a panel member, and I'm sure the

1 rest of the panel feels this same way, you don't have to be
2 perfect to be authorized for restart. Nobody is perfect.
3 But the panel needs to have confidence that the actions
4 you've taken are going to produce consistent, safe
5 performance.

6 And what I'm trying to get at is, there has been a
7 steady improvement in performance, but there's also been
8 these blips, and I'm trying to fully understand why we
9 should have confidence in consistency of the performance
10 and that it will stay at least at that level if not
11 continue going up.

12 MR. MYERS: You know, I think
13 one of the things we're trying to do is strive for
14 consistency ourselves. Barry was talking awhile ago, Barry
15 is one of the new, the new Plant Manager we brought in.
16 About the time we were doing the heatup, he was really just
17 getting settled into his job. And we brought Kevin
18 Ostrowski over some time ago. We've made him the Ops
19 Manager now; and Dave Imlay the Ops Superintendent.

20 I think the Management Team we put in place is the
21 Management Team here that will continue to strive for
22 consistency. They have good experience. And I think that
23 as we move forward utilizing the FENOC fleet approach,
24 you'll see in the corporate governance we have, you'll see
25 an improved consistency.

1 MR. BEZILLA: Jack, just one
2 thing to add to that. Our Ops Manager's Charter, the
3 safety focus of plant operations through consistent
4 implementation of our rigorous Conduct of Ops. So, Dave
5 and Kevin's focus is on consistent and rigorous
6 implementation of Conduct of Operations and they're driving
7 that down through the shift managers into the crews, and
8 the shift managers in turn are driving that through the
9 organization. So, from being able to sustain it, it's
10 having the shift managers drive it through their crews and
11 through the organization. We're seeing that happen today.

12 MR. GROBE: When was that
13 charter drafted?

14 MR. BEZILLA: That was early
15 January.

16 MR. GROBE: So, that's
17 something new?

18 MR. BEZILLA: That's correct.

19 MR. ALLEN: Okay, thank you
20 and good evening. My desired outcome for this evening is
21 to share with you how our recent operational performance
22 supports safe plant restart.

23 Next slide, please.

24 Davis-Besse operations continues to demonstrate
25 continuing positive improvement. Visible example of this

1 positive trend include the very critical behavior of

2 Operations leadership driving the station.

3 As a recent example of this, where we had a

4 situation where the shift manager observed an indication

5 issue in the control room. Shift manager ensured the unit

6 was in a stable condition. He then activated the duty

7 team. Got the duty team to perform a Problem-Solving

8 Decision-Making Team to assess and understand the issue.

9 Shift manager engaged the senior leadership team to make

10 sure the problems was found and understood and make sure we

11 had proper oversight. And the team went off and resolved

12 the issue. And then only after the issue was resolved from

13 a safety perspective did the shift manager then resume

14 activities.

15 That was a very critical behavior of leadership in

16 the shift managers that we're now seeing daily. So, that's

17 a very key, that's a very key visible improvement for the

18 station.

19 Our Operations management and our other line

20 managers are also out visible in the plant enforcing

21 standards. And a very key change also is our shift

22 managers are now focused on spending their time in an

23 oversight role. We had some issues with distractions and

24 we had been involved in other activities that eliminated

25 those kinds of things. So, we now have those folks focused

1 in the control room, spend more time in the control room
2 and maintain the oversight perspective of the activities
3 occurring on their crews.

4 Our prejob briefings. We now have consistency and
5 quality in our prejob briefings, such that our field
6 execution has improved. And another very key point that I
7 really want to stress, is that the role of our reactor
8 operators has been expanded to capitalize on their
9 ownership knowledge and expertise.

10 So, our reactor operators are now utilizing a peer
11 check entry and exit from tech spec action statements.
12 They were not doing that before. They are also tracking
13 with electronic timers, a short duration technical
14 specification action timers. They were not doing that
15 before.

16 They're also, if we have maintenance on a safety
17 related implementation plan, before the senior reactor
18 operator signs off and operates that maintenance, the
19 reactor operator co-authorizes that to get the RO buying
20 and understanding the activity that's taking place. That's
21 a very key change in our Conduct of Operations.

22 We have seen just across the board significant
23 improved ownership and accountability for performance
24 within Operations. And we have resolved our enunciator
25 response issues where we had some inconsistency before. We

1 now have consistent and correct enunciator response in the
2 control room.

3 We have formalized our guidance for station log
4 keeping. It's significantly improved now. It's
5 significantly more thorough, more detailed, and more
6 consistent amongst all the Operations crews. And we have
7 formalized very prescriptive technical specification
8 implementation requirements.

9 And, lastly, from a demonstrated performance
10 perspective --

11 MR. THOMAS: Before you move
12 on, Barry, can I ask you a question?

13 MR. ALLEN: Yes, sir.

14 MR. THOMAS: If you ask the
15 same question to a nonlicensed operator, and a mechanic, an
16 RP tech; and the question being, what organization leads at
17 Davis-Besse; do you believe you would get a consistent
18 answer?

19 MR. ALLEN: I believe I would
20 get a consistent answer of Operations.

21 Now, from a demonstrated performance perspective, I
22 think it's very critical to note that Operations has
23 recently conducted its safe and eventless plant heatups and
24 cooldowns. Demonstrated performance. Examples I've given
25 are visible improvements which demonstrate significant

1 improvements in Operations.

2 Next slide, please.

3 As you recall on the January 21st public meeting, we
4 provided you with the assessment criteria that we would use
5 to assess our most recent plant heatup. During our most
6 recent plant heatup, our Operations performance fully
7 satisfied all eight of the NOP assessment period criteria.

8 The criteria list includes some very key items, such
9 as no inadvertent safety system actuations; no significant
10 events due to operator errors, no unplanned technical
11 specification injuries due to operator errors, a work
12 schedule adherence rate of 90 percent or greater, and
13 consistent implementation of Conduct of Operations
14 standards and requirements.

15 In summary, Davis-Besse Operations fully satisfied
16 the NOP assessment criteria. They have demonstrated their
17 readiness for restart, but most importantly are
18 demonstrating continuous improvement. Thank you.

19 MR. MENDIOLA: If I could ask a
20 question, Barry. The improvement to the staff, the
21 on-shift crews, if you will, was performed, to summarize
22 basically some of the topics on page 13. It sounds like
23 you just removed certain functions from certain people to
24 other folks. And, I guess my question is, did you augment,
25 did you have to rely on augmenting staffs or did you do

1 this with the currently existing shift staffs, or some
2 other way?

3 MR. ALLEN: Tony, we used our
4 existing Operations staff. Okay. We got a little more
5 intrusive on some checking that we did as we tried, as I
6 told you, we were most concerned about implementation of
7 technical specification departments. We wanted to make
8 sure we had to do that flawless. We're looking for
9 perfection or near perfection on that.

10 So, we took our Operations Oversight Manager
11 Program. We worked that. We wrote that into a different
12 charter and made that a Shift Manager Peer Verifier
13 Program. And so the individuals we put in place for the
14 Shift Manager Peer Verifier Program, we put them in place
15 to be more intrusive.

16 So, if I'm getting ready to enter a technical
17 specification, I get the books out and look at it, turn to
18 my peer here, I get a peer check from a reactor operator
19 now and another SRO, people available in the control room.
20 Then we get the shift manager peer verifier, who is not
21 part of the chain of command and does not make decisions
22 for the crew, but that individual is there, just an
23 observer, peer checking that. And then if there is any
24 questions, ensuring that they're clarified.

25 So, we've been more intrusive in our checking and

1 then we don't ask those folks to sign our procedures,
2 because they're not qualified to do that. We do have them
3 document that in their observation cards. So, at the end
4 of every shift, we have that feedback from those Shift
5 Manager Peer Verifiers that says; did a good job with this,
6 understood this, this is well communicated, this entry,
7 this exit, this tech spec was good clean, you know, good
8 discussions for an entry, so we have graded visible
9 anecdotal evidence, if you will, how we performed that
10 activity by the way we redirected those Shift Manager Peer
11 Verifiers.

12 MR. MENDIOLA: So, you've
13 removed, if I understand you right, you removed a certain
14 amount of solidarity that an operator would have by
15 themselves by having them interact intrusively, the word
16 you used, with each other more often?

17 MR. ALLEN: That's correct.

18 MR. MENDIOLA: Would that account
19 for them to have more responsibility, but no need to
20 augment the staff, per se, with extra folks to handle the
21 extra tasks, because the others are checking on each
22 other.

23 MR. ALLEN: I think, if you
24 want to look at it from an increased staff, that is a good
25 question, I hadn't thought of this before, but prior to

1 some of the changes we had instituted recently, we may have
2 had, say, one individual read technical specifications and
3 say, "We're entering technical specification whatever,
4 whatever." Now, we have built in the formality and the
5 rigor and structure, okay, of getting the peer checks, not
6 only at the SRO level, but make sure that the reactor
7 operators who are watching the panels understand what's
8 going on and getting peer check from them and authorizing
9 those activities.

10 So, do we put more people in the control room, no.
11 Did we involve all the people in the control room now with
12 that process, yes. They're now all part of that team, and
13 so we're ensuring that that team is functioning. Since
14 that's kind of new for us, kind of a new change, very
15 positive, seeing extremely good results on Operations
16 behaviors, we still put the Shift Manager Peer Verifier
17 there just to watch that process. Being new to us, we want
18 to make sure it rolls out of the box 4-0 as opposed to
19 missing some parts. So, we made some changes, tried to
20 strengthen the crew's ability to work together and
21 strengthen our oversight there to make sure we monitor that
22 change.

23 MR. MENDIOLA: Thank you.

24 MR. BEZILLA: Okay. Good

25 evening.

1 MR. GROBE: Mark, before we,
2 before we go on, we've been going for about an hour and 15
3 minutes; I think it might be a good time for a brief
4 break. It's now 11 minutes after 7. Why don't we resume
5 at 20 after.

6 (Off the record.)

7 MR. GROBE: Okay, Mark, thank
8 you.

9 MR. BEZILLA: Okay, thank you,
10 Jack.

11 Good evening. My desired outcome for this evening
12 is to communicate the effectiveness of our corrective
13 actions in ensuring the site readiness for restart.

14 Next slide.

15 Lew and Barry went into details. I would like to
16 summarize. We are ready to safely and eventlessly restart
17 Davis-Besse. We have trained, qualified, competent
18 individuals. We have strong programs in place. We have a
19 new effective management team. And we have an intrusive
20 Quality Oversight Organization. We have the barriers in
21 place that are ensuring safe eventless operation at
22 Davis-Besse.

23 Next slide, please.

24 Let me spend a minute and detail our remaining
25 Return to Service items. We are currently in Mode 3 at

1 normal operating pressure. We will be conducted our Mode 2
2 Restart Readiness Reviews next week.

3 Following NRC approval for restart, we will complete
4 our mode change checklist procedure. This ensures that
5 everything is in order prior to proceeding to Mode 2.

6 We will then enter Mode 2 and perform the required
7 testing. This is mostly zero power physics testing.

8 Upon safely completion of Mode 2 testing, we will
9 raise reactor power and enter Mode 1. Prior to
10 synchronization of the main turbine generator to the grid,
11 we will conduct an effectiveness assessment, "How have we
12 done?" and a readiness review, "Are we ready to proceed?"

13 When we are satisfied we can proceed, we will
14 synchronize to the grid and continue with plant startup.

15 When we place the second main feedwater pump in
16 service and stabilize the plant at about 50 percent power,
17 we will again perform an effectiveness assessment; again,
18 "How did we do?" and a readiness review, "Are we ready to
19 proceed?" When we are satisfied we can proceed, we will
20 complete our startup to full power.

21 When at full power, for about two weeks, we will
22 perform a critique. And then after about four weeks, we
23 will conduct another effectiveness assessment.

24 MR. HOPKINS: Question, Mark.

25 MR. BEZILLA: Yes.

1 MR. HOPKINS: You referred
2 earlier to work that you were doing on a large transformer
3 on site. For the other large transformers on site, could
4 you tell me what immediate actions are reviewed for?

5 MR. BEZILLA: Jon, I believe the
6 question is, are we taking any other actions in regard to
7 the transformers on site?

8 MR. HOPKINS: Yes.

9 MR. BEZILLA: Okay. We have,
10 I'll say, three other main important transformers to us.
11 The number two startup transformer, which is currently in
12 service and is available for service, we've checked that
13 out thoroughly, meaning looked at the observable
14 indications. I don't see any issues. And during this
15 outage, we refurbished that transformer, so we believe that
16 transformer is in good stead.

17 And we are currently in back feed condition, using
18 our main transformer, having power flow backwards through
19 it into an Aux transformer and that's currently powering up
20 our in-house power supplies. We see no issues with those
21 other two transformers.

22 So, we believe the three transformers are currently
23 available and in service, don't have any issues. And we
24 are completing the restoration to service of our number one
25 startup transformer, and essentially what we did there was

1 we overhauled that transformer. Since we had to replace
2 the bushing and drain the oil, we just did the overhaul
3 that we had planned, I believe, for the next refuel
4 outage. So, we believe we're going to have a good set of
5 transformers here in a few days.

6 MR. HOPKINS: Okay, thank you.

7 MR. THOMAS: Mark, would you
8 please tell me more about these effectiveness and readiness
9 assessments that you have on the transition of power?

10 MR. BEZILLA: Yes, Scott.

11 Barry talked about the NOP criteria where we did
12 assessment of our performance and effectiveness. We have
13 similar hold points, if you will, in the process. And what
14 we'll do is, when we do one of those hold points, we'll
15 take a look at the Condition Reports that were written,
16 take a look at our management observations. We have some
17 criteria established. We'll meet as a collegial body of
18 the management team, and we'll review our performance and
19 determine if there is any adjustments that we need to make
20 in our people, our plant, and our programs before we
21 proceed.

22 MR. THOMAS: Are you using your
23 current, I guess what process, is this a proceduralized
24 process you're using?

25 MR. BEZILLA: This is in our

1 Integrated Restart Test Plan, and we have that documented
2 in that plan.

3 MR. THOMAS: Okay.

4 MS. LIPA: Mark, before you
5 talked about barriers to ensure success, and previously
6 Barry talked about how you met your criteria for the NOP.
7 And you also talked earlier about the shift management
8 observers. And I wonder how much you rely on that as a
9 barrier and how long you'll have that in place and how
10 you'll know when that's no longer needed as a barrier.

11 MR. BEZILLA: Christine, we
12 talked about the barriers. We have the individuals, like
13 the operators or the mechanics, those are a barrier. We
14 have programs and processes which Lew detailed in his talk,
15 right, we have those in place. We have management, which
16 Lew and Barry both talked about. Then we have oversight,
17 which is a fourth barrier. So, we have a four barrier
18 concept that we use.

19 Our Shift Manager Peer Verifiers, I'll say are part
20 of the oversight barrier. They're an asset to us today.
21 As we bring the plant to full power, when we do our
22 critique and effectiveness reviews, we'll make a
23 determination at that point if we believe we need to
24 continue that program or if we would want to adjust or
25 shift, I'll say, some of the function again or things that

1 they're currently doing for us or if we believe that we're
2 strong enough to not need the Shift Manager Peer
3 Verifiers.

4 MS. LIPA: Okay, thank you.

5 MR. GROBE: Mark, there was
6 one thing you said that confused me, maybe I didn't just
7 hear correctly. These post restart effectiveness critiques
8 at two weeks and one month. Are those two weeks and one
9 month after you achieve full power or two weeks -- okay, so
10 they're post restart, but they're not post to the point in
11 time you get to Mode 2.

12 MR. BEZILLA: That's correct,
13 Jack. Once we get to hundred percent power, after about
14 two weeks, and then after about four weeks.

15 MR. GROBE: And those will be
16 done similar to your Restart Readiness Assessments where
17 you bring your team together?

18 MR. BEZILLA: That's correct.

19 MR. GROBE: Maybe you said
20 this already, and I just wasn't listening carefully. I'm
21 not sure what you call them. The peer to the shift
22 managers on shift.

23 MR. BEZILLA: Shift Manager Peer
24 Verifiers.

25 MR. GROBE: Shift Manager Peer

1 Verifiers. How long after restart do you anticipate that
2 being in place?

3 MR. BEZILLA: Could be a month,
4 or maybe longer, based on our assessment of the
5 effectiveness of our shift managers, our crews. Right now,
6 like I said, they're a valuable asset to us, and we'll see
7 how we perform. It's going to be based on our performance
8 and our assessment of the need to continue that function.

9 MR. GROBE: Okay. I don't
10 want anybody to get the wrong impression. We're now
11 talking about things that happen after NRC approval for
12 restart, that's your bullet "Following NRC Approval For
13 Restart." The reason this is important to us is this issue
14 on consistency and performance.

15 MR. MYERS: That's correct.

16 MR. GROBE: And even though
17 these would be the activities that would occur after NRC
18 approval for restart, it's important that we clearly
19 understand them before we can get to a point of authorizing
20 this startup. It could be somewhat confusing that we're
21 focusing on this area, but that's why it's important to
22 us.

23 MR. BEZILLA: Jack, the reason I
24 wanted to talk about this is a number of your questions had
25 centered around consistency or inconsistency in the

1 self-assessments. We wanted to show you that we have
2 built-in hold points where we are going to do effectiveness
3 reviews and readiness reviews prior to proceeding, because
4 we want to make sure that we know how we had performed and
5 want to make sure we make any adjustments prior to
6 proceeding, so that we have safe and eventless
7 performance.

8 MR. GROBE: Okay.

9 MR. MENDIOLA: Just a quick
10 question on this, Mark. Where is turbine roll on this, is
11 it before or after that management hold on Mode 1?

12 MR. BEZILLA: The
13 synchronization, the turbine roll could be occurring while
14 we're doing our effectiveness and readiness assessment.
15 Prior to synchronization, we would hold, we will do an
16 effectiveness assessment in a readiness review. And we
17 have to bring the turbine up, we have to do an over speed
18 trip, et cetera, prior to synchronization; so, there may be
19 turbine activities occurring while we're pausing to do the
20 assessment or they may be completed prior to the
21 assessment.

22 MR. GROBE: How long is this
23 management hold? Is this a matter of a couple hours?

24 MR. BEZILLA: We put in a shift,
25 Jack, as a hold spot. It may take less, it may take more,

1 depending on what we see.

2 MR. MENDIOLA: That's the shift
3 you'll be working the turbine?

4 MR. BEZILLA: Not necessarily.

5 MR. MENDIOLA: I guess my concern
6 is the turbine has been in its current state for the last
7 couple of years. First time you start spinning it a lot
8 faster than it's been going, how it will react, and just
9 whether that will hold was to assess the turbine's reaction
10 or perform the turbine reaction. From what I understand,
11 it's during the turbine preparation.

12 I think that's what I heard you say. That's the
13 point where you're going to stop, you're going to see what
14 the turbine does and use that as part of your effectiveness
15 and readiness assessment, how well it reacts to steam.

16 MR. BEZILLA: That's correct.

17 MR. MYERS: We'll be doing
18 assessment. We have a team looking at how effective the
19 turbine will roll. That's a major activity, rolling that
20 turbine the first time.

21 MR. BEZILLA: Tony and Jack,
22 just I didn't mention it here, but what we've done is we
23 commissioned a team to go look for opportunities that might
24 present themselves in Mode 2 and in Mode 1. And I believe
25 the team came up with about 25, I'll say, topic areas or

1 systems that either haven't been in service or that we see
2 as potential problem points or where issues could arise.
3 Those individuals and teams are currently working on
4 contingency plans. Okay, what if this happens, do we need
5 a work order, do we have parts available, do we need to
6 have some additional vendors in or industry experts on
7 site. An example would be like our physics testing,
8 rolling the main turbine, synchronizing the generator,
9 putting the main feedwater pumps in service.

10 Those components that we've done as much testing as
11 we can, but we can't put them in service until we get the
12 proper plant conditions, and I don't have those right now
13 to do the testing or put the pieces of equipment in
14 service. So, we've got a team, that's a look-ahead team,
15 that's identifying those pinch points that we might run
16 into as we proceed up once we get permission.

17 Okay. The purpose of going through this, the
18 overall picture that I wanted to share with you is that the
19 startup is very prescriptive, very controlled, and we'll be
20 assessing and adjusting as needed to ensure a safe and
21 eventless startup.

22 Next slide.

23 To ensure continuous improvement, we've created an
24 Operational Improvement Plan for Cycle 14. I believe Lew
25 had mentioned that and Barry also had mentioned that. This

1 plan will take us, I'll say, through the next two years.
2 This plan encompasses areas identified on this slide. And
3 you can see it's pretty encompassing as to the areas that
4 we're going to be focusing on over the next couple of
5 years.

6 This plan will build upon a foundation built over
7 the past two years, and will ensure our continued
8 improvement as we continue on our journey to excellence.
9 And consistent performance is really what our goal is.

10 Jack, any questions? You were looking?

11 MR. GROBE: The plan that
12 you're talking about is available on our website.
13 Actually, there ~~is~~ are three versions of it; ~~Res~~ Rev 0, 1 and 2.
14 They're all on the website.

15 I've been struggling with the same question that
16 I've been asking myself all evening and I think I know the
17 answer. I think it's summarized in one word and that's
18 alignment. And I jotted down a whole bunch of preachy
19 things on what alignment should entail, but I notice, I
20 think it's important, the first bullet there,
21 "Organizational Effectiveness."

22 In your Improvement Plan under that heading, you
23 have quite a few specific activities that should be
24 ongoing, some of them now, and should be completed
25 shortly.

1 "Improved individual organizational performance and
2 alignment and development utilization of alignment ~~mass~~ maps.
3 Second quarter '04."

4 "Implement FENOC business practices, but focus
5 self-assessments, ongoing self-assessments, benchmark" and
6 those are all first quarter.

7 There is quite a few activities in here. I think
8 that we've done enough inspection to realize that when you
9 folks get alignment top to bottom, things happen; and good
10 things. And when you get that laser light pinpoint focus
11 on safety and that disciplined approached to operations, or
12 all safety activities, the effective corrective actions,
13 disciplined effective corrective actions, things happen.
14 As evidenced by what's happened in the last two months in
15 Operations. I think that's key.

16 Tell me a little bit more. You're talking about
17 alignment. Tell me a little bit more what you're talking
18 about as far as what are you trying to align? What is it
19 that you're trying to gain alignment on?

20 MR. BEZILLA: Jack, that's a
21 good question. All right. Our vision is people with a
22 strong safety focus delivering top fleet performance. All
23 right? And it's people with a strong safety focus. That's
24 the first key piece of the alignment that you're talking
25 about. And that's my job, my senior leadership team's job,

1 my managers' job, and my employees' job. I'll say it
2 right, because we have to be focused on safety first and
3 foremost.

4 We've talked about that, we've preached that. As
5 you said, it's about getting the laser point on that. That
6 is, I'll say the gate that we have to go through before we
7 worry about anything else. All right?

8 So, people with a strong safety focus, delivering
9 top fleet operating performance. And in our business plan,
10 Jack, we have various pieces; we have a people piece, we
11 have a safety piece, we have an outage performance piece,
12 we have a material condition piece. And within those
13 various pieces, a business plan. And then we have, I'll
14 say, sub items. We have performance indicators. So, it's
15 getting focused around safe, reliable operations.

16 And if you remember, Jack, I think we showed you
17 some of the AEdventures things we did with our folks a few
18 months ago. That was the first step in having all the
19 employees understand their role and how important it is for
20 them to do their tasks correct the first time, each and
21 every time.

22 And also when we went through those AEdventure maps,
23 we laid out and had them identify what their interfaces
24 were, and how important they were to make sure that, I'll
25 say, all the machinery works to make sure we can be safe

1 and reliable at what we do.

2 Does that help?

3 MR. GROBE: Yeah. The very
4 first Regional Administrator many years ago, I won't tell
5 you how many, said to me one time he's never seen a program
6 he didn't like. And I tell you, the way I interpret this
7 program, it has all the right pieces in it. The challenge,
8 though, is putting it into action, making it alive, making
9 the organization respond to these issues.

10 You haven't always found your own problems. We've
11 helped you in that regard. Could you talk a little bit
12 about how you're going to be confident, what kind of
13 assessments -- I think it's the last one down there. What
14 kind of external assessments you're going to be doing that
15 are going to give you confidence that you'll always find
16 your own problems?

17 MR. BEZILLA: We want to always
18 find our problems, but we have guys like Scott, and I know
19 he's going to find some things that we don't, okay, as much
20 as we may try. Jack, what we may do --

21 MR. GROBE: He better.

22 MR. BEZILLA: I understand.

23 What we have planned is we have ongoing assessments,
24 okay, ongoing self-assessments; and those are things like
25 management observations, off hour tours, those types of

1 things. We have also focused self-assessments that Lew
2 talked about. These will be corporate, I'll say, driven,
3 corporate sponsored. And they may look at a single site,
4 but they're going to look at the FENOC organizations in
5 total. So, we'll have focused self-assessments.

6 We're going to use the INPO, the Institute of
7 Nuclear Power Operations organization, to provide us assist
8 visits. As an example, we have one scheduled in March for
9 our Aux. Feedwater System. We're going to get INPO help
10 and industry expertise to come in and help us take a look
11 at that and make sure we have been thorough and we haven't
12 missed something in our Aux. Feedwater System, because it's
13 so critical to our safety profile, if you will.

14 Those are the types of things, Jack, we will use
15 moving forward from a self-assessment standpoint.

16 The other thing in our Operational Improvement Plan
17 here, we are going to provide training to, I'll say, our
18 managers and supervisors on things like observation skills,
19 all right, to improve their toolbox, so that they can do a
20 better job when they go out at being critical, identifying
21 issues, and raising them, I'll say, the minor items, so
22 they don't become larger items.

23 MR. GROBE: Again, I'm
24 looking at some of the details in this plan.

25 Under item 10, which is internal and external

1 oversight. The very last item in that section says,
2 "Conduct assessment activities in Corrective Action Program
3 to evaluate effectiveness of corrective actions taken to
4 improve implementation and improve trend evaluation."
5 That's a long sentence.

6 But, who, it says the owner is Steve Loehlein. Is
7 that an internal assessment or is that one that's going to
8 be conducted by people from outside of the FirstEnergy
9 family?

10 MR. MYERS: If you go look at
11 our, I've some process here in my hand for
12 self-assessments. Fred is going to cover a lot of that in
13 his presentation. You want to hold that question and bring
14 it back up so Fred can answer it?

15 MR. GROBE: Okay.
16 I noticed in section 7, which is safety culture, you
17 have a number of different types of monitoring activities
18 going for monthly performance indicators, things that are
19 more easy to measure quantifiably, to you have your
20 quarterly elective significance reviews, and then a whole
21 bunch of annual activities, independent assessments by QA,
22 surveys in a Safety Conscious Work Environment, Safety
23 Culture, and then outside completely within assessments
24 similar to, I'm sure similar to the one that Doctor Haber
25 did a year and a half ago.

1 That's an area where you've laid out fairly
2 comprehensive assessment activities to ensure that you're
3 continuing on track. I'm not sure the assessments in the
4 other areas are quite as comprehensive.

5 What other areas do you have independent assessments
6 planned, other than having INPO come, which happens
7 anyways. What other areas do you have independent
8 assessments planned?

9 MR. BEZILLA: Jack, I briefly
10 looked at the focus self-assessments for the year. There
11 is things in there about, I'll say, like fuel, fuel
12 performance, outage preparedness, and preparations. As you
13 said, the corrective action process is in there.

14 MR. VON AHN: Jack, you touched
15 on three of the self-assessments. With regard to
16 corrective actions, there will be two self-assessments.
17 The first one being in March and it will be a D-B specific
18 self-assessment on corrective action on significant
19 conditions adverse to quality. The second self-assessment
20 will be a fleet focus self-assessment on root and apparent
21 causes. That's scheduled for August and will be a fleet,
22 fleet assessment, basically team made up of fleets with an
23 external representative.

24 As well, there will be an engineering
25 self-assessment. That will be conducted in July, is the

1 tentative time frame right now for this assessment. This
2 will have three industry peer managers, as well it will
3 have an INPO representative, as well as FENOC peer
4 managers. This will cover calculation quality,
5 modification quality, system engineering effectiveness, and
6 engineering corrective action, and cause analysis and
7 quality.

8 As well, we have a safety culture, self-assessment
9 follow-up.

10 MR. GROBE: Fred, I think I
11 should have listened more carefully to Lew. Sounds like I
12 was getting a little bit ahead. Why don't I let Mark
13 finish his presentation and then we'll get into yours. I
14 apologize.

15 MR. BEZILLA: Okay, next slide,
16 Kevin.

17 Jack, in conclusion, our people, our plant, and our
18 programs are ready to support safe and eventless restart at
19 Davis-Besse. We are ready. That's all I have, Jack.

20 Okay, Fred.

21 MR. VON AHN: Okay, thanks
22 Mark.

23 And good evening. I'm going to discuss the
24 conclusions of independent internal and external oversight
25 regarding Davis-Besse's Restart Readiness.

1 Next slide.

2 Quality Assurance has provided independent internal
3 oversight of the Davis-Besse Return to Service Plan. The
4 Return to Service Plan defined the activities required for
5 Davis-Besse to return to safe and reliable operation.
6 Quality Assurance is determined that the plan has been
7 adequately implemented and Davis-Besse is ready for
8 restart.

9 In addition to Quality Assurance, two other bodies
10 have been providing independent external oversight of
11 Davis-Besse activities in addition to the NRC. First, the
12 Company Nuclear Review Board or CNRB. This board consists
13 of external consultants, a local government representative,
14 as well as FENOC executive management. Each of the four
15 subcommittees of the CNRB determined that there were no
16 safety issues preventing restart of the Davis-Besse plant.

17 Second, the Restart Overview Panel. This is a panel
18 of utility senior executives, past nuclear regulatory
19 commission executives, as well as a local government and
20 Institute of Nuclear Power Operation's representative. The
21 collective experience of this panel exceeds two hundred
22 person years of nuclear power experience.

23 The Restart Overview Panel was commissioned to
24 provide a separate independent oversight and review of both
25 internal and external plant activities associated with the

1 return to service Building Blocks. This panel has been
2 meeting monthly for the past twenty months assessing
3 Davis-Besse activities and the ROP has also determined that
4 Davis-Besse is ready for restart.

5 Multiple groups of experienced personnel, both
6 internal and external, have thoroughly, objectively, and
7 intrusively looked at Davis-Besse activities and determined
8 that Davis-Besse is ready for restart.

9 Next slide.

10 Going forward. Oversight will continue to
11 independently monitor and assess station performance
12 throughout Cycle 14. Both Quality Assurance and the
13 Company Nuclear Review Board will continue their oversight
14 activities.

15 Additionally, a corporate collective significant
16 function will be established reporting to the line.

17 MR. THOMAS: Fred, before you
18 go on, a quick question. In your opinion, how receptive is
19 Davis-Besse Senior Management to observations from your
20 staff?

21 MR. VON AHN: Senior Management
22 takes some convincing, but once they get behind the
23 observation, they carry through the line, quite a bit.

24 For example, it took some convincing with one of the
25 activities we had on the NOP/NOT testing with some breaker

1 testing, but once senior management saw that activity,
2 there was a Significant Condition Adverse to Quality
3 Condition Report written. It was reviewed by senior
4 management and they recognized the issue associated
5 that Quality Assurance was bringing up.

6 MR. THOMAS: Okay.

7 MR. VON AHN: This, back to the
8 corporate collective significance function. This function
9 will monitor and assess the collective significance of
10 diverse internal and external inputs to look for
11 performance trends and they continue to drive improved
12 performance.

13 This may get to your point, Jack, about
14 self-criticality and the hit or miss aspects of that with
15 this function.

16 MS. LIPA: Fred, it sounds
17 like that's not fully set up yet. Is that in the Cycle 14?

18 MR. VON AHN: That's in its
19 infancy right now. We have an experienced individual
20 that's come back from the Institute of Nuclear Power
21 Operations that has significant multi-plan experience
22 that's setting this function up for us.

23 MS. LIPA: So, it's being set
24 up, but is the concept contained in your Cycle 14
25 commitment listing?

1 MR. MYERS: Yes.

2 MR. BEZILLA: It's page 7.

3 MR. MYERS: Page 7.

4 MS. LIPA: Thank you.

5 MR. VON AHN: Further, there are
6 external focus assessments in Safety Culture, Engineering
7 Quality and Corrective Actions planned for Cycle 14.

8 As the station moves forward, multiple methods of
9 independent assessment, both internal and external, will
10 continue to be used to monitor and improve performance.

11 MS. LIPA: Fred, when you say
12 external focused assessment, is that completely independent
13 of FENOC?

14 MR. VON AHN: When I say
15 external, it will be made up of external members. We also
16 want to have a peer member to learn from that on the team,
17 so we would have internal membership as well.

18 MS. LIPA: Is it mostly
19 external or is it kind of mixed?

20 MR. VON AHN: It depends.

21 MR. MYERS: Mixed, it depends
22 on the assessment.

23 MR. VON AHN: Safety Culture
24 will be strictly external. The Engineering probably 60/40;
25 60 percent being external, 40 percent being internal. And

1 if you count strictly Davis-Besse, it will probably be 80
2 percent external, and the other facilities being considered
3 external, Beaver and Perry.

4 MS. LIPA: I was just trying
5 to get an understanding of external, what it would mean.
6 Thank you.

7 MR. VON AHN: Other questions?
8 Well, now, I would like to turn the presentation
9 over to Gary Leidich for concluding remarks.

10 MR. LEIDICH: I think Jack has a
11 question.

12 MR. VON AHN: I'm sorry, Jack.

13 MR. GROBE: It was a little
14 quick. The Safety Culture assessment in your Cycle 14
15 Plan, the independent one, says it will be done in the
16 forth quarter of '04. Corrective Action Program is the
17 second quarter of '04.

18 The Engineering Quality Cycle 14, what does that
19 mean? Does that mean by the end of Cycle 14, or regularly
20 every quarter during Cycle 14?

21 MR. VON AHN: The Engineering
22 self-assessment is tentatively scheduled for late July time
23 frame.

24 MR. GROBE: Late July, so
25 that would be third quarter.

1 MR. MYERS: Jack, once again,
2 this is a different plan now. We planned, when we built
3 this, we thought the plant would be running in December,
4 so some of these things may move somewhat.

5 MR. VON AHN: And some of the
6 dependencies is on getting those external resources. You
7 know, if they can't make it.

8 MR. MYERS: Right.
9 We'll schedule it. The plans will be very visible.

10 MR. GROBE: Okay. Other
11 questions?

12 MR. RUTKOWSKI: Just a little
13 background on I think Jack's request. As you heard
14 earlier, one of the things we're doing is, as we evaluate
15 whether to recommend to our management whether to approve
16 restart, is to try to decide what other regulatory
17 vehicles, if any, we need to incorporate some of the things
18 that you're telling us. And so we're asking questions
19 about what are you doing, what's your schedule.

20 Try to put that in context, so when we deliberate,
21 when we ask questions about, what should we recommend to
22 our management, we need this information. So, that's just
23 a little background.

24 MR. MYERS: Okay.

25 MR. GROBE: Another question.

1 In the Operations area, it says one of your activities is
2 to benchmark the Conduct of Operations. What exactly does
3 that mean in your vernacular?

4 MR. ALLEN: As far as Conduct
5 of Operations benchmark, is that your question, Jack?

6 MR. GROBE: Right.

7 MR. ALLEN: If you look at
8 Conduct of Operations, that could be defined pretty
9 broadly. That's log keeping, rounds, how you do certain
10 activities looking forward. What I've seen since I've been
11 here at Davis-Besse is we're very good at the what. We
12 understand what we're supposed to do. I think we
13 understand that very clearly.

14 I think that how to accomplish that in the best
15 fashion is what we need to go benchmark, so we can find
16 some better ways to perform some activities. It's just to
17 help us be consistent with, how do I verbalize a peer check
18 with a peer in the control room. We do that consistently,
19 as far as performing the peer check, but exactly how do we
20 verbalize that, express that, is not as consistent as we
21 would like it to be. So, those are the kinds of things we
22 want to bench mark.

23 So, one of the things we have already done is gone
24 up to INPO and taken their Conduct of Operations criteria.
25 We laid it out, and how does our Conduct of Operations

1 compare with what the industry puts out as what you ought
2 to have for Conduct of Operations.

3 We went through and did that delta assessment and we
4 found some enhancements we could make. Again, kind of more
5 in the "how would you implement this?" Because I think we
6 have pretty good guidance as far as overall, but some
7 detail, we found some detail.

8 We also got some, I'm sure, the insights on the
9 reactor operators with you earlier, that was one of the
10 things we saw on that benchmark, which was with the Conduct
11 of Operations, we needed to define those roles more
12 explicitly to ensure those licensed folks are involved.

13 So, we've already done some of that benchmarking and
14 we've got quite a bit more.

15 We also -- I forgot that, Lew reminded me. One of
16 things we're doing is taking our licensed folks and we're
17 sending them over to either Perry or to Beaver Valley
18 station and spending about three days in control room at
19 power, and just benchmarking a crew that's in the control
20 room in a power plant at hundred percent power, doing
21 normal daily operations activities in a run situation.

22 So, we're taking care of that. Got some pretty
23 positive feedback from the individuals who have done that,
24 that benchmarking also.

25 MR. GROBE: One more question

1 in the Operations area, Barry. One of the items, that 3D
2 in your plan, says "strengthening independent oversight of
3 Operations." That's pretty broad statement. Would you
4 give me a sense of what that means, what your plans are,
5 specific plans on strengthening oversight of Operations?

6 MR. ALLEN: Jack, I think,
7 there's probably several things we're going to have to look
8 at. Independent oversight of Operations is, I think it's
9 going to go back to, I think taking advantage of some of
10 the things we talked about earlier. For instance, we
11 talked about expectations from Scott. He goes out and sees
12 some things that we don't pick up on.

13 We intend to go take some observation training and
14 give that to the people at our station to improve our
15 observation skills, so we're out doing activities and
16 performing observations. We're more self-critical and can
17 see things that perhaps we had blinders on to right now.

18 So, we'll take those type of activities and we'll
19 look at how we can utilize those then to come up with
20 strengthening independent oversight of Operations.

21 Now, we also have the shift folks and other folks
22 in training who are in the Operations Department that might
23 not be on the crew. We're looking what we can do to
24 strengthen their ability to give us independent oversight.
25 And then we have the leadership team within Operations.

1 We're trying to utilize those individuals for oversight.

2 Talk over how we're taking action. We're doing follow-ups
3 to see how effective we are.

4 We're continuing those efforts. And, I think
5 since -- one of the keys for us is our shift managers and
6 unit supervisors. Our supervisors provide good leadership
7 for crews and we can look at what we can do to help them in
8 their oversight role. It may not be particularly
9 independent, but again you put them in an oversight role,
10 they back up from activity.

11 So, I'm very interested in what we can do to train
12 those individuals then in better broader understanding and
13 positive impact they can have from an oversight
14 perspective.

15 So, we have some work to do and play that out, but
16 oversight is a pretty broad, pretty broad concept.

17 MR. GROBE: I think I
18 understand better what you meant by that. Did you have a
19 question, Christine?

20 MS. LIPA: No.

21 MR. GROBE: Any other
22 questions? Okay.

23 MR. LEIDICH: Okay, thank you,
24 Jack. Let's go to the next slide.

25 Well, obviously, we're here to respectfully request

1 your approval for restart. I would just like to quickly
2 summarize what we tried to cover here tonight.

3 First of all, I think we demonstrated that
4 management team not only at Davis-Besse, but FirstEnergy
5 Nuclear Operating Company has been strengthened. Any
6 message about where a facility has gone or what an
7 organization is all about starts at the top, and we fixed
8 that at FirstEnergy.

9 We've also demonstrated that our people have gone
10 through a tremendous learning curve, a relearning curve on
11 the importance of nuclear safety. We have a good solid
12 quest in terms of their behaviors on a day-to-day basis in
13 being relentless on their safety focus. We've measured
14 that. We've assessed it. We've surveyed it. We've done
15 some very innovative things to try to understand where our
16 work force is. Our work force is clearly positioned to be
17 ready for restart.

18 We've talked about the plant, the changes we've made
19 to the plant, extensive modifications, many of those
20 leading edge modifications in the industry. The plant is
21 clearly ready for restart.

22 And we've talked about our programs. We've done a
23 complete overhaul of most of our programs. We've talked
24 here tonight about corrective action, the importance of
25 corrective action. We have a very low threshold. Okay,

1 we've got that part. Now, we've got to ensure on a
2 day-to-day basis we execute strong, corrective action and
3 effective corrective action that we find and fix our
4 problems.

5 And we're in that learning curve and we understand
6 that. We think we're in a good spot on that curve for
7 restart. We recognize we talked a lot tonight about the
8 importance of getting additional and further external
9 assessments, and then continuing to strengthen our internal
10 assessment program.

11 The key to any strong safety culture in any one of
12 these facilities, and we at this table clearly understand
13 this, is that the station identifies and solves its own
14 problems. We're going to continue to progress towards that
15 and I think it's clear that at any nuclear plant that job
16 is never done. That job always needs perfecting. We'll
17 continue to work on that.

18 We think we've established a strong foundation here
19 at Davis-Besse, but the important word is foundation. It's
20 a building process, in many respects it's a rebuilding
21 process.

22 You see the sign on the back. The word beginning.
23 This is a beginning of a new era at Davis-Besse. It's a
24 beginning of a group of people with a strong safety focus,
25 strongly associated with the FirstEnergy Nuclear Operating

1 Company, which is clearly capable and will deliver top
2 operating performance.

3 And part of that is the recognition that no nuclear
4 plant, whether it's Davis-Besse or any other, is an island
5 unto itself. And we've already put in place a strong
6 corporate governance and a strong corporate oversight
7 organization, so that we, whether it's Lew or Joe or
8 myself, or the others in the corporate office, monitor on a
9 routine day-to-day basis the safe operation of this
10 facility. We're already doing it across the fleet;
11 maintaining that constant vigilance, so that no plant is by
12 themselves.

13 And, that Fred and his organization, then again, up
14 to and including the Board of Directors, provides
15 independent and strong oversight of that operation.

16 We believe that we're the only utility in the
17 country that has a strong reporting relationship right to
18 the nuclear committee with its oversight organization.

19 So, that governance and oversight is part of our
20 checks and balances to ensure that programs are in place
21 here at Davis-Besse and at FirstEnergy to put this
22 community never in a position where anything like this ever
23 happens again.

24 We've established that strong safety focus; and,
25 once again, that starts at the top of the shop. Our Board

1 of Directors last year passed a new resolution on nuclear
2 safety. The board continuously focuses on nuclear safety
3 and our board reports. The nuclear committee of the board
4 does the same.

5 At the very top of our shop now, our Chief Executive
6 Officer, Henry Alexander, is strongly committed to nuclear
7 safety. And I've already discussed the FENOC corporate
8 organization and the organization of the employees here at
9 Davis-Besse. The bottom line is, we're ready to run this
10 plant.

11 That completes our presentation.

12 MR. GROBE: Questions?

13 MR. HOPKINS: Yeah, one question
14 for Mark. You mentioned you have a final Mode 2 Readiness
15 Review that you're going to do, after you, if you get
16 restart approval.

17 You sent us a February 6th letter, which is
18 a supplement to your Integrated Report to Support Restart.
19 In there you have an Attachment 3, which is remaining major
20 actions for restart; it's called Appendix C Update; as of
21 January 30th. There are several actions that this list has
22 not complete as of January 30th, which again is almost two
23 weeks ago. I just want to make sure that this table is one
24 of the items that you'll go over in your Mode 2 Readiness
25 Review.

1 MR. BEZILLA: Yes, Jon, all these
2 items are in our Mode Hold Restraint Checklist, if you
3 will, and I believe the latest date on any of these items
4 is February the 19th.

5 MR. HOPKINS: Okay, thank you.

6 MR. GROBE: Any questions?

7 Gary, I appreciate your remarks at the end, and I
8 was thinking about what I might have heard in March of
9 2002. And I don't think I would have heard many of the
10 things you said today in March of 2002.

11 It's clear that there is a difference in the
12 performance at Davis-Besse. There has been steady
13 improvement over the past two years. The challenge for us
14 as a panel, I think each panel member feels this
15 responsibility as a weighty responsibility, is trying to
16 make sure that we make a decision at the right time, that
17 our recommendation to Jim Caldwell has a sound foundation,
18 and that we have confidence not only that you meet minimum
19 safety standards, but that your performance going forward
20 will not degrade. And, that's a difficult issue to wrestle
21 with. We are wrestling with it.

22 Under the cover page, it says "The quest to get our
23 plant back, better, and beyond." Right now we're working
24 on back, and that's a challenge for us.

25 I think this presentation has been helpful. There

1 is a lot more detail in the documents that you've sent us.
2 I appreciate that you've done a good job summarizing that
3 this evening. Appreciate you answering all of our
4 questions.

5 We've all been studying these documents carefully,
6 along with reviewing the results of the inspections that
7 have been performed in trying to make our judgments.

8 I may have not communicated as effectively this
9 afternoon as I intended when we were talking about the
10 improvements in the Management and Human Performance area.
11 We have seen steady improvement in that area. There has
12 been, there was a difference in the character of the way in
13 which people responded during the interviews that we
14 conducted in May and the interviews we conducted in
15 December and January.

16 That indicated that there was somewhat of a less
17 strong focus on the confidence in your staff in the
18 management of the organization. That's another alignment
19 issue. I don't think the management of the organization
20 has changed, but the perceptions of the people have changed
21 somewhat.

22 And again, the overall safety culture, as you assess
23 it, has continued to improve in your organization, but
24 again, there is these blips, and I think that's all related
25 to, to alignment; making sure that people understand your

1 expectations, which you clearly and consistently
2 communicate those; and I think performance, consistent
3 performance, safety performance will follow that.

4 So, we need, we need to think about everything
5 you've told us tonight and we need to consider you
6 considering the four remaining checklist items that we have
7 to evaluate, and determine what, if any, further actions
8 are necessary. And that will take some time. And we'll be
9 getting back to you if we have additional questions and
10 need further information.

11 Of course, Scott and his team are here every day,
12 so our inspections will continue. And we continue to have
13 regional inspectors visit the site on a periodic basis to
14 perform specialist activities and those activities will
15 continue.

16 So, with that, let us take a short break, and then
17 convene the second half of this evening's activities, which
18 is a question and answer session from members of the
19 public. So, it's 10 after 8. Why don't we start at 20
20 after 8. Thank you.
21 (Off the record.)

22 MR. GROBE: Thank you very
23 much for coming to order so quickly. The second half of
24 this meeting is a meeting between the NRC staff and the
25 public. And, this evening, this portion of the meeting is

1 complicated a little bit because of the fact that some of
2 the members of the public that are going to be
3 participating in this meeting are on the telephone.

4 We had some challenges with that this afternoon.
5 There was some feedback problems, but hopefully those will
6 all be worked out.

7 What I would like to do is start with questions or
8 comments from members of the public here in the Camp Perry
9 Meeting Room, and after a period of time move to any
10 questions or comments from members of the public that are
11 on the phone lines, and then as necessary go back and
12 forth.

13 I always like to afford an opportunity to elected
14 officials or representatives of elected officials to make
15 comments first. So, I would first like to invite any
16 elected officials or representatives of elected officials
17 to the podium. Please sign in. And if you can limit your
18 comments to 3 to 5 minutes, we would appreciate it, because
19 we have a lot of people here this evening.

20 MR. KOEBEL: Thank you. My
21 name is Carl Koebel. I'm President of the Ottawa County
22 Commissioners and I'm speaking tonight on behalf of my
23 fellow commissioners, John Papcun and Steve Arndt.

24 I wish to stress that our number one concern is for
25 the health and safety of our 40,000 Ottawa County residents

1 and the two hundred and so thousand visitors to our county
2 on any given weekend.

3 We have attended every one of the public meetings
4 held with the NRC, both the afternoon and the evening
5 sessions, and we have personally taken a tour of the
6 physical plant at Davis-Besse.

7 And, from what we've seen, I would like to read the
8 following resolution into record:

9 Whereas, the Nuclear Regulatory Commission 0350
10 Process to evaluate the Readiness for Restart has been a
11 good process, and will continue to effectively evaluate
12 Davis-Besse after restart.

13 And, whereas, the plant condition is better than it
14 ever has been.

15 And, whereas, the employees are working hard to make
16 sure that similar problems never happen again.

17 And, whereas, continued oversight after restart by
18 the Nuclear Regulatory Commission and their willingness to
19 involve and keep the county involved in it is definitely
20 important.

21 And, whereas, FENOC agreeing to a closer working
22 relationship with Ottawa County through County
23 Administrator, Jere Witt, being appointed to the Restart
24 Overview Panel and the Company Nuclear Regulatory Board --
25 or Review Board as an independent oversight.

1 Now, therefore, be it revolved by the Ottawa County
2 Commissioners that we support and encourage the safe
3 restart of Davis-Besse Nuclear Power Station.

4 Witnessed this 12th day of February; signed by the
5 three County Commissioners.

6 We have similar petitions that we have already
7 submitted to Mr. Caldwell from the City of Port Clinton,
8 Bay Township, Erie Township, Benton Township, Carroll
9 Township, Catawba Township, Danbury Township, Harris
10 Township, Portage Township and Put-In-Bay Township. We
11 also have resolutions from the Village of Oak Harbor, the
12 Village of Clay Center and the Village of Rocky Ridge.

13 We look forward to your approval of the restart of
14 Davis-Besse. We thank you. We thank the employees of
15 Davis-Besse and the management of Davis-Besse for the hard
16 work they have put into the restart over the past two
17 years.

18 Thank you.

19 MR. GROBE: Thanks, Carl.
20 I've been involved in a number of recovery efforts of
21 challenged plants, and I've never had one where the county
22 has been so earnestly involved in staying abreast of what's
23 going on and insisting on being kept informed. The panel
24 has met almost monthly with the County Commissioners and
25 Jere Witt has been involved, actively involved in the

1 oversight assessment of the restart process and has been
2 put on the Company Nuclear Review Board.

3 That's a very unusual situation. I have not seen
4 that elsewhere in the midwest. So, I appreciate the
5 county's involvement and interest in what's going on, and
6 in what the NRC is doing. I also appreciate the fact that
7 they've asked us a lot of tough questions about our
8 responsibilities and our oversight and how we're doing our
9 job. So, thank you for your comments Carl.

10 Yes, ma'am.

11 MS. BURRIL: My name is
12 Jennifer Burril. I'm here on behalf of Congressman Dennis
13 Kucinich, who gives his apologies that he could not be here
14 tonight, but because this has been an important issue for
15 him and our staff we're here on his behalf. I would like
16 to read a statement that he has prepared.

17 We are here today because two years ago we got
18 lucky. The Nuclear Regulatory Commission coaxed
19 Davis-Besse to shut down and soon thereafter workers found
20 a hole in the top of the reactor. A major nuclear accident
21 it was averted. We got lucky because the NRC was concerned
22 about a separate safety issue and FirstEnergy just happened
23 to find the hole.

24 Much has been learned about how this happened. It
25 is clear that FirstEnergy failed to safely operate the

1 Davis-Besse power plant. The NRC failed to effectively
2 regulate the nuclear power plant. And both entities failed
3 to place the health and safety of those living near this
4 power plant above the profits of FirstEnergy.

5 Investigations into this incident have revealed that
6 FirstEnergy possessed the empirical data that suggested a
7 problem existed. For example, air monitoring filters were
8 consistently clogged with rust suggesting a serious
9 problem.

10 FirstEnergy chose to ignore the problems to protect
11 its profits. The NRC Inspector General has found that the
12 NRC chose to protect the financial impact on FENOC rather
13 than force compliance with safety regulations.

14 After the shutdown of Davis-Besse, the NRC released
15 a report that documented its Lessons Learned. The report
16 made a few recommendations as to how the NRC might avoid
17 future incidents, like the corrosion problems at
18 Davis-Besse.

19 Since the release of the final report, a draft
20 Lessons Learned Report surfaced that contained several
21 far-reaching recommendations that would in fact make a real
22 difference in nuclear power plant safety, but to avoid
23 costly regulations, those recommendations did not make it
24 into the final report.

25 My topical is public safety and I can not ask my

1 constituents to trust the word of FirstEnergy or the
2 Nuclear Regulatory Commission if they can not place safety
3 ahead of economic interest.

4 To-date the NRC has denied all efforts to push for
5 greater inspections of Davis-Besse. I personally petition
6 the NRC and several public interest groups also petition
7 the NRC to force a more complete review of Davis-Besse.

8 It is well known that the NRC forwarded a criminal
9 investigation to the Department of Justice for review. As
10 it seems clear that FirstEnergy is at least suspected of
11 criminal conduct, it only makes sense to wait for the
12 conclusion of that investigation before Davis-Besse is
13 permitted to restart.

14 Confidence in FirstEnergy's operation of this
15 nuclear power plant cannot be determined with an ongoing
16 criminal investigation. The public has the right to hear
17 about FirstEnergy's wrongdoing before FirstEnergy is
18 rewarded with a restart at this reactor.

19 I continue to oppose the restart at Davis-Besse,
20 because I do not have confidence in FirstEnergy or NRC to
21 place safety ahead of profits. Thank you.

22 MR. GROBE: Thank you very
23 much for your comments, or for the comments of
24 Representative Kucinich.

25 I have several issues that I would like to address

1 and if you would carry this message back to Representative
2 Kucinich, I'd appreciate it.

3 The first has to do with the NRC's placing profits,
4 FirstEnergy profits ahead of safety. That has not
5 occurred. And that is not a correct inference from the
6 facts that the Representative has. The NRC never placed
7 profits ahead of safety.

8 Secondly, with respect to the ongoing federal
9 investigation; our enforcement policy and our enforcement
10 manual provide guidance on when and how the NRC would take
11 immediate enforcement action concurrent with an ongoing
12 criminal investigation; and, the focus of that
13 decision-making process is whether or not there is a safety
14 concern.

15 We have carefully implemented our enforcement manual
16 and carefully evaluated the evidence that has been
17 developed to-date in the various investigative activities,
18 and concluded that there is not a safety concern with
19 respect to the results of those ongoing investigations.

20 In addition, the agency took the step of assigning a
21 Senior Manager to continue to monitor the ongoing federal
22 investigation, such that if there were a development or a
23 revelation of something that could be a safety concern,
24 that that would promptly be dealt with.

25 So, the agency is taking timely and appropriate

1 actions with respect to the ongoing federal investigation
2 to ensure that safety is not at all compromised by the
3 facts and circumstances surrounding that investigation.

4 Thank you very much.

5 Jere.

6 MR. WITT: Thank you, Jack.

7 My name is Jere Witt, I'm the County Administrator
8 for Ottawa County and I'm also, as stated earlier, a member
9 of the Restart Overview Panel, and the Company Nuclear
10 Review Board. I've been closely involved with this process
11 for the past two years, and watched the evolution of the
12 0350 Process.

13 Tonight we are at the goal which is to request
14 restart. To the NRC, you have done your job well, and we
15 appreciate that. To the Davis-Besse employees, you have
16 done your job well. It is now time to restart the plant
17 safely.

18 As a member of the Restart Overview Panel, I am
19 convinced the plant, the employees, and the NRC is ready
20 for restart. I support and urge the NRC to allow a safe
21 restart of Davis-Besse as soon as appropriate, but I
22 caution, we, as a community, will be watching closely to
23 make sure that FENOC operates the plant safely and the NRC
24 provides a proper oversight and regulation.

25 Thank you.

1 MR. GROBE: Thank you, Jere.

2 Are there any other -- Donna -- are there any other
3 local public officials?

4 Darrell?

5 MR. OPFER: Thank you, Jack,
6 and members of the panel.

7 The time has come -- my name is Darrell Opfer. I
8 live within the ten mile EPZ [Emergency Planning Zone]. I'm a former County
9 Commissioner and was very involved with the Emergency
10 Operations Program at the County, and then as a State
11 Representative, worked on the deregulation issue.

12 The time has come for the Nuclear Regulatory
13 Commission to decide whether after two years of extremely
14 hard work on everyone's part, that Davis-Besse Nuclear
15 Power Station is ready for restart.

16 FirstEnergy Nuclear Operating Corporation has
17 submitted the official request. The final testing is being
18 completed and thousands of emails, letters, and signatures
19 on petitions have been sent to the NRC both opposing and
20 supporting restart.

21 Nonresidents and those who use fear of the unknown
22 to generate support for their own causes and to inflate
23 their membership numbers find it difficult to understand
24 the local prevailing attitude of support for the plant and
25 for its workers.

1 It is true that this plant is the largest employer
2 and taxpayer in the county; however, our support is not
3 based on jobs and taxes. We live here, and we know the
4 consequences that a nuclear release would have on our
5 tourism industry, our agriculture, and our standards of
6 living and the way of life that we have all grown to
7 enjoy.

8 Our children and our grandchildren are important, as
9 important to us as they are to those who live in any other
10 area of the State of Ohio. The differences that a great
11 majority of local residents know other residents and
12 friends who work at the plant and who are proud of their
13 contributions to the community and the safe production of
14 energy.

15 We are also proud of the hard work, the technical
16 skills, and the dedication shown, and the difficult task of
17 building new systems and rebuilding the old. Because we
18 know the people who work there, we are confident that this
19 plant will become the most efficient, and the safest
20 nuclear power plant in the United States, if not the world,
21 and an example for other nuclear plants and other
22 industries.

23 Another difference between supporters and opponents
24 is that our elected and appointed officials, as Jack has
25 referred to, have played a vital and a persistent role in

1 working with the NRC and the company to ensure that safety
2 is in fact the first priority.

3 No other officials have been as intimately involved
4 in the oversight of this plant or understand the nuclear
5 industry and its regulation as well.

6 While testimony and opinions are important, the most
7 important thing is whether the skills and dedications of
8 plant workers have produced significant changes at the
9 plant, and whether those changes will be sustained over a
10 period of time.

11 I believe those changes are in place, and request
12 that the Nuclear Regulatory Commission give approval for a
13 restart. Thank you very much.

14 MR. GROBE: Thanks, Darrell.

15 Are there other local officials or representatives
16 of elected officials?

17 MR. ELUM: My name is Charles
18 Elum, E L U M, and I'm Chairman of the Board of Directors
19 of the Port Clinton Area Chamber of Commerce.

20 We, like everybody else in Ottawa County, have been
21 following this with great interest, this situation at
22 Davis-Besse. It's our feeling that Davis-Besse has always
23 been a good neighbor and supporter of our community.

24 We recognize that the workers at Davis-Besse are not
25 apart from the community, but in fact a very vital part of

1 the community. We see the 800 member Davis-Besse family in
2 our schools, our churches, our voting booths, restaurants,
3 stores, at civic events, and as volunteers in many
4 charitable organizations around Ottawa County. Many of
5 them serve in our civic, fraternal, service and religious
6 and fraternal organizations and among the first ones to
7 support our schools, cities and communities.

8 We would like to thank everyone for the hard work
9 they've put in to correct the problems here. And, it is
10 for these reasons that the Board of Directors of the Port
11 Clinton Area Chamber of Commerce has put forth the
12 following resolution.

13 Whereas, the businesses in our community need a
14 safe, affordable, and reliable source of electricity.

15 And, whereas, the Davis-Besse physical plant has had
16 considerable improvement in its systems to ensure safe
17 operation.

18 And, whereas, both the corporation and its employees
19 have demonstrated a commitment to creating and maintaining
20 a Safety Conscious Work Environment.

21 And, whereas, a provision for continued oversight
22 after restart by the Nuclear Regulatory Commission is in
23 place to maintain the County's involvement.

24 And, whereas, FENOC is agreeing to maintain an
25 independent corporate oversight board with representation

1 from the county.

2 Now, therefore, be it resolved that the Port Clinton
3 Area Chamber of Commerce of Ottawa County, hereby supports
4 the restart of the Davis-Besse Nuclear Power Plant.

5 This resolution was unanimously passed by the Board
6 of Directors of the Port Clinton Area Chamber of Commerce
7 this 8th day of December, 2003. Signed by myself as
8 Chairman of the Board, and Richard Spicer, Executive
9 Director.

10 Thank you.

11 MR. GROBE: Thank you.

12 Other local officials, or elected representatives?

13 Donna.

14 MS. LUEKE: My name is Donna
15 Lueke, and I'm unofficial and unelected. My opinions do
16 however represent those of many people in the area, but
17 these words are my own and it's a prepared statement for
18 the NRC, for FirstEnergy, for watch-dog groups, elected
19 officials, media, and local citizens, which I think pretty
20 much covers most everybody here.

21 In 2002, we nearly experienced a great loss at
22 Davis-Besse. Opinions differ as to how close we came to
23 losing the plant and incurring catastrophic damage to our
24 health and our safety and economy and environment. Since
25 so much damage was found to the reactor head and since so

1 many other problems have been uncovered in the past two
2 years, one thing seems very clear; many people did not do
3 their jobs.

4 As Davis-Besse prepares for restart, we ask all
5 concerned to do their jobs, to put safety ahead of profits
6 and promotions, and to be responsible conscientious and
7 courageous.

8 To the NRC personnel:

9 Number 1, put safety first, ahead of internal and
10 external politics.

11 Number 2, implement in a timely manner the changes
12 recommended by the Lessons Learned Task Force and the
13 Inspector General.

14 Number 3, continue to improve policies and
15 procedures, so that situations like Davis-Besse, 1985; and
16 Davis-Besse, 2002, do not happen again here or anywhere.

17 Number 4, proactively seek input from employees and
18 critics for ideas and to increase objectivity.

19 Number 5, provide real answers to real concerns.

20 To FirstEnergy Executives:

21 Number 1, put safety ahead of production and
22 profits; make safety performance the primary criteria for
23 raises, for promotions, for bonuses.

24 Number 2, do a better job of providing rate payers
25 with reliable, cost-efficient, safe electricity.

1 Number 3, proactively seek input from employees and
2 customers and critics for ideas and to increase your
3 objectivity.

4 Number 4, provide real answers to real concerns.

5 And, Number 5, be good, moral, corporate citizens by
6 three things; take initiative and responsibility instead of
7 waiting for the NRC, or P.U.C.O., or the EPA or the Justice
8 Department to force changes.

9 Next, absorb the costs of your Davis-Besse mistakes
10 internally. Do not punish the rate payers again.

11 And, the next point, dedicate substantial effort and
12 funds to safe and renewable energy sources, now less than
13 one percent of your generation sources. Be a leader.

14 To many of those in this room tonight, the FENOC
15 employees, managers, and executives:

16 Number 1, put safety ahead of raises and
17 promotions.

18 Number 2, immediately let supervisors know of safety
19 problems and ideas. If they won't listen, tell the NRC.
20 If they don't listen, tell the media or consumers groups.

21 Number 3, if you're fatigued, working too many hours
22 in the push to restart or in the future, tell your
23 supervisor and/or the NRC inspector. Put your and our
24 safety ahead of pressure from your boss or the extra pay.

25 Number 4, be grateful to those who caught the

1 problems at Davis-Besse and had the courage to act. Your
2 health and your job would have been the first casualties of
3 an accident.

4 To the elected officials:

5 Put first the safety and health of your
6 constituents. Your constituents also include the children,
7 the voters of the future. Discuss and plan for the
8 eventual decommission of Davis-Besse, the disposal of its
9 nuclear waste, and future use of the land.

10 Next, maintain high vigilance with Davis-Besse, the
11 NRC, and FirstEnergy. Restart was achieved after the 1985
12 incident and we still had 2002.

13 3, explore aggregation and other ways to lower the
14 high electric rates that burden your constituents and
15 discourage new businesses.

16 And, Number 4, explore and demand increased use of
17 renewable sources of energy in our environmentally
18 sensitive area. Learn more about what's being done in
19 Bowling Green, for example.

20 To the media and watch-dog groups:

21 Continue to investigate and report on Davis-Besse,
22 on the NRC, on nuclear power, on FirstEnergy; even when
23 it's not headline material. You are the eyes and ears that
24 protect and inform the citizens.

25 And, lastly, to the local citizens, and to all

1 citizens:

2 Number 1, put safety concerns over economic
3 concerns, for the sake of our children.

4 Number 2, conserve energy, so we are less dependent
5 on foreign oil and nuclear power and polluting fuels, so we
6 produce less damage to our environment.

7 Number 3, reduce, reuse, recycle.

8 Number 4, vote, communicate with elected officials,
9 attend public meetings. And lastly, let's do our jobs as
10 citizens of a democracy.

11 In filmmaker Akira Kurasawa's "Dreams", a young
12 mother clutches her children as they are engulfed by
13 radiation from a nuclear plant explosion and she cries,
14 "But they told us nuclear plants were safe." And then
15 realizes that human accident is the danger, not the nuclear
16 plant itself.

17 Let's all do our jobs better this time and thank you
18 for the opportunity to be heard.

19 MR. GROBE: Donna, as
20 always, your comments are very well made. You had several
21 items for the NRC, and I think I can say with confidence
22 that the NRC is completely aligned with the four items,
23 first four items you mentioned. The fifth item only you
24 can judge, and that is whether we're providing real answers
25 to the hard questions. We aspire to the position of having

1 each of the people that come to our public meetings to be
2 able to say, yes, they gave us a real answer to each of our
3 questions. So, I hope we meet your standards in that
4 regard.

5 Yes, sir.

6 MR. LODGE: Thank you. My
7 name is Terry Lodge. I'm from Toledo, so I don't live in
8 the ten mile radius, but I live occasionally downwind of
9 Davis-Besse. I have a number of questions.

10 Mr. Grobe, at the end of December, Paul ~~Gunder~~ ~~Gunter~~ of
11 the Nuclear Information Resource Service and I sent a
12 letter to you pointing out what we believe is an unresolved
13 safety issue that actually dates back to the early 1990's.
14 It's contemporaneous with the problems that have brought us
15 all here tonight; that is that the so-called complete
16 manual actions per 10CFR50 Appendix R Section 3G2 at
17 Davis-Besse do not conform to license requirements.

18 A man named Phillip ~~Qualls~~ ~~Qualls~~, who is a lead Fire
19 Protection Engineer at NRC Headquarters identified in 2003
20 that the Davis-Besse operator had substituted manual
21 actions, which as you know are circumstances where the
22 Licensee rather than providing the required physical
23 protection to control room operated electrical systems for
24 remote shutdown of the reactor in the event of fire,
25 instead substitutes the sending of licensed or unlicensed

1 operators into the reactor complex potentially exposing
2 them to areas involved in a fire to manually operate safe
3 shutdown equipment.

4 Manual actions in and of themselves are not approved
5 long-term alternatives for the protection of safe shutdown
6 electrical systems as required by the 10CFR regs, and
7 moreover, Mr. ~~Qualls~~ Qualls pointed out that the reference manual
8 actions plant specific to Davis-Besse did not complete nor
9 were they branded license amendments or exemptions before
10 the operator implemented them as substitutes for required
11 physical separation of electrical systems or alternatively
12 protection with fire barrier suppression and detection
13 equipment.

14 We believe these manual actions are therefore
15 illegal and are an unresolved public safety risk pertaining
16 to the restart of Davis-Besse.

17 In 1998, the NRC ordered the utility to basically
18 fix and revise its fire protection, fire suppression plans
19 to restore functionality to inoperable fire barriers. To
20 our knowledge, that has not been accomplished even today.

21 There were a number of questions that we stated in
22 the letter. Most salient to me are, has the 0350 Panel
23 inspection of the 1991 Safety Evaluation Report that was
24 referenced by Mr. ~~Qualls~~ Qualls in a 2003 email, established that
25 the Licensee is not in compliance with fire protection

1 requirements per the federal regs?

2 It would appear that to grant a restart request
3 without analyzing and addressing fire protection issues,
4 that the Licensee would be, effectively illegally starting
5 up outside of its licensing agreement. How does the 0350
6 Panel plan to visit these fundamental fire protection
7 issues and the lack of analysis that was identified by the
8 NRC Headquarters prior to any proposed restart?

9 Finally, has the panel inspection process determined
10 that the Davis-Besse operator has fulfilled its legal
11 obligations per the agreement dated May 4th, 1998, and the
12 accompanying NRC order dated June 22nd, 1998, to come into
13 compliance with the federal regs?

14 Mr. Grobe, I differ distinctly with your earlier
15 comment. The public record documents that were discovered
16 by the Union of Concerned Scientists showed that indeed the
17 NRC did take economic hardship considerations into account
18 in extending the operating permission to Davis-Besse in
19 2001. And if you haven't seen those documents, I'll be
20 happy to provide them to you.

21 I am concerned not just that the management culture
22 and the lack of change of that, that we believe continues
23 to persist at Davis-Besse; I'm concerned that there doesn't
24 appear to be any significant change in the culture of the
25 management of the Nuclear Regulatory Commission.

1 We, the public have not heard of the disciplinings,
2 of the sanctioning of any NRC staff members for the 75 day
3 operating extension. The public has seen and heard nothing
4 of any fines or other sanctions other than public shaming
5 imposed on the utility after 26 or 27 months.

6 It is entirely inappropriate to commence the restart
7 without seriously and publicly visiting the issues of
8 imposing sanctions, of imposing punishment.

9 It is wonderful that the utility and its
10 hard-working staff is here telling you that they want their
11 future back, that they want their plant back, but a
12 generation into operation for what happened to have
13 happened, is abominable. It is astounding.

14 I would even submit that the NRC arguably looks as
15 though it continues to protect the utility through the
16 Grand Jury inquiry that we understand to be ongoing, by not
17 imposing civil fines and other sanctions.

18 Respectfully request that you answers the questions.
19 Thank you.

20 MR. GROBE: I'll give it a
21 try. Maybe it would be easiest to do it in reverse order.

22 MR. RUTKOWSKI: Jack, why don't
23 you answer all, all questions that are non Appendix R
24 related. I'll take those Appendix R questions.

25 MR. GROBE: I was actually

1 going to do that.

2 You indicated Terry that the NRC continues to
3 protect the interests of FirstEnergy by not imposing civil
4 penalties while there is an ongoing federal investigation.
5 In fact, the relationship that the NRC has with the
6 Department of Justice is specifically crafted to ensure
7 that the safety of the public is the first priority of both
8 organizations, and then the next priority is to protect the
9 integrity of the investigation.

10 And we're working carefully and closely with the
11 Department of Justice consistent with our Memorandum of
12 Understanding to make sure that the safety of the public is
13 protected and the veracity of the ongoing investigation is
14 not compromised.

15 I wish you had had the opportunity to come to more
16 of these public panel meetings over the last two years. I
17 think I've seen you here twice. But I can tell you, you
18 would have observed, had you been able to come to more
19 meetings, that the safety culture of this panel has clearly
20 been demonstrated to the public and the safety focus of
21 this panel is its paramount focus and priority.

22 Let me just talk broadly about technical issues
23 raised by the staff. I'll turn it over to Bill to
24 specifically talk about the Appendix R issue.

25 We are continually soliciting our staff to ensure

1 that any particular issues that come up are brought to the
2 attention of the panel and properly dealt with. And when
3 Mr. ~~Qualls~~ Qualls brought his issue forward, he was reacting to
4 some conversations that he had with inspectors that were
5 out doing Appendix R or fire protection inspections.

6 We entered it into our process, and we attempt to
7 work very methodically and carefully with a primary focus
8 on safety to work through all the issues we have on our
9 plate.

10 Your letter to us was not news. Phil's email was
11 provided to us many months ago, and it's an issue we have
12 been pursuing. Just like we regularly solicit all of the
13 staff who have an opinion on Davis-Besse on any particular
14 issues they are a technical expert in, and make sure that
15 we get all those thoughts captured, so we can adequately
16 resolve them.

17 And Bill's staff is in the midst of finishing a
18 review on the issue that Phil raised. It has to do with a
19 very unique set of circumstances and a post fire
20 situation.

21 Bill, do you want to comment on the status of that
22 review?

23 MR. RUTKOWSKI RULAND: Yes, thank you
24 Jack.

25 Mr. Lodge, essentially the questions you asked were

1 contained in a letter that we, that I think was addressed
2 to you, wasn't it, Jack?

3 MR. GROBE: Yes.

4 MR. RUTKOWSKI RULAND: A letter that was
5 addressed to Mr. Grobe about this very issue. As Jack has
6 said, we put this into our system and we are actively
7 working the issue.

8 If you notice, one of our Restart Checklist Items,
9 5B, is systems ready -- excuse me, Systems Readiness for
10 Restart. So, for us to say that that Restart Checklist
11 item is closed, we, the 0350 Panel, have to have confidence
12 that this particular issue that is contained in your letter
13 regarding the use of manual actions that Davis-Besse would
14 have to take post fire, that issue would have to be
15 resolved.

16 The way this particular issue is working right now,
17 and we're not done yet, and we will be done. We will have
18 to come to closure one way or another on this item before
19 the panel recommends restart. And that's been our
20 intention all along.

21 What we're doing now is, there is a document that
22 the Region sends Headquarters. It's called a Task
23 Interface Agreement. And, basically, it lays out the
24 questions that Headquarters' technical staff needs to
25 answer, specifically regarding the issue that you're

1 raising. We're working through that process as we speak.

2 We're not done yet. And the 0350 Panel has not made a
3 final resolution on this matter.

4 However, our preliminary judgments containing the
5 specific technical requirements is that the plant in this
6 particular area is as the safety evaluation has described,
7 and that safety evaluation was issued about 1991. The
8 plant is designed in accordance and operated in accordance
9 with that safety evaluation. And, through a number of
10 inspections that the staff has performed, we continue to
11 review that.

12 So, this item is strictly, it's on our front burner,
13 and we're looking at it, and we will have this issue
14 documented to you shortly.

15 MR. GROBE: Thanks, Bill.

16 MR. ~~RUTKOWSKI~~ RULAND: One more thing.

17 One of the things that I think a number of the questions
18 that Mr. Lodge had concerning, about the legal
19 requirements, you know, whether it's legal, what
20 Davis-Besse did; and that's also something we are examining
21 and we're going to disposition.

22 MR. GROBE: Just to give you a
23 broader perspective of what we've been doing for the last
24 two years. We have a document we call our Restart Action
25 Matrix. And you can think of it as a rather large To-Do

1 List. It contains a total of several hundred issues, just
2 like this one. Issues that come from technical staff,
3 issues that are raised by inspectors, issues that come from
4 members of the public that warrant follow-up.

5 Along with the Restart Checklist, there is things
6 like the Restart Action Matrix that underpins it. And, as
7 Bill clearly articulated, the Systems Readiness for
8 Restart; there is multiple issues we're still working
9 before we can draw a conclusion on that checklist item.
10 And the one that Phil Qualls raised to us a number of months
11 ago is just one of those.

12 All of those are in process, and we're making very
13 good progress on that, but there are a number of issues
14 remaining. I think there is roughly 40 Restart Action
15 Matrix items that are left to be closed by the panel. Each
16 one is carefully evaluated, closure is documented, the
17 basis for closure. And if there is a violation involved,
18 that's taken care of. If the issue is determined to be
19 adequate, then that's fine too.

20 So, there is a lot of work that goes into what we've
21 been doing, and I appreciate you bringing that one to our
22 attention.

23 One other comment. We did do a fairly complete Fire
24 Protection Inspection during the course of this long-term
25 shutdown, and that's what generated the question from

1 Phil. We plan on doing our normal, what's referred to as a
2 Triennial, once every three years, Detailed Fire Inspection
3 Protection. I believe that's scheduled for the very early
4 parts of 2005.

5 So, fire protection is a regular focus area of
6 Nuclear Regulatory Commission, and we will be meeting all
7 of the agency's expectations in that area.

8 Yes, sir?

9 MR. RUTKOWSKI RULAND: Jack, one more
10 thing I would like to add. As part of this process of
11 resolving this technical issue just to give you an
12 example. Mr. Qualls Qualls, an NRC employee, as we resolve this,
13 we talked specifically to Mr. Qualls Qualls about, you know, how we
14 see this; how we see the resolution of this issue. So,
15 it's, essentially, we're doing this completely above board,
16 and we'll continue to do it that way.

17 MR. GROBE: Yes, sir.

18 MR. GATTER: Good evening. I'm
19 Shane Gatter, Corrective Action Program at Davis-Besse.

20 I would like to say that I believe we are ready for
21 restart, just as my management team has been up here for
22 the last couple of hours explaining. And I believe I can
23 speak for the rest of the team at Davis-Besse when I say,
24 we are people currently and will be people with a strong
25 safety focus. Thank you.

1 MR. GROBE: Thank you.

2 MR. MILLER: My name is Steve

3 Miller, and I live in the west end of Toledo, Ohio, and

4 like Mr. Lodge, I'm occasionally in the downwind of what

5 happened at Davis-Besse as well.

6 I would like to say, I appreciate you allowing me to

7 speak. I also appreciate the fact that you are trying to

8 reassure us that the plant is ready to start.

9 I unfortunately am not reassured. I think in light

10 of what happened a couple years ago and the fact that we

11 have a patched reactor head still gives me serious doubts

12 and reservations.

13 I would like to be, as I said, reassured that this

14 is something that is ready to be restarted. I am not. I

15 am unequivocally opposed to the restart of Davis-Besse.

16 And I would like to say that it is my sense, my

17 inclination, that this plant will be in fact restarted.

18 And, if it is, I'm going to ask that we all do better,

19 because of what happened two years ago, or what almost

20 happened two years, can't happen again.

21 Thank you.

22 MR. GROBE: Steve, I

23 appreciate your comments. I just want to clarify one

24 thing, and maybe it's a good time to talk a little about

25 about the process.

1 I'm not trying to reassure you that this plant is
2 ready to restart, because I haven't come to that
3 conclusion. That's what FirstEnergy was trying to convince
4 us of this evening, and we're not convinced yet. So, this
5 panel has not yet come to a conclusion that this plant is
6 ready to restart. I want it very clear that you understand
7 that.

8 Just one more, I think you probably just misspoke,
9 but you indicated that the reactor head was patched. In
10 fact, there is a whole new reactor head that was installed
11 in the plant.

12 I hope you can continue coming to our public
13 meetings. And, you know, you expressed that you have
14 serious doubts. And you didn't provide much detail on
15 those, but hopefully we can have a dialogue in the future
16 of what those doubts are and we can make sure that we're
17 addressing them.

18 Yes, sir.

19 MR. HASANAT: NRC, FirstEnergy
20 employees, various officials and guests, good afternoon.
21 My name is Abul Hasanat. I have a Ph.D. in Nuclear
22 Engineering, and several years of Nuclear Engineering
23 experience from several nuclear power plants in U. S. and
24 abroad. I'm a new employee to Davis-Besse. I joined
25 Davis-Besse around five months ago. I came from another

1 nuclear power plant.

2 Before joining Davis-Besse, I had one thing in mind
3 about Davis-Besse; that this plant once was the number one
4 best plant in the U. S., and second best plant in the
5 world. That keeping in mind, I was closely watching the
6 progress of reactor replacement activities, and I was
7 regularly contacting with the Director of Nuclear
8 Engineering, Mr. Jim Powers, and with many other people.
9 And I was convinced that this plant has the capability to
10 become again the number one best plant in U. S. and in the
11 world.

12 Based on that, I joined Davis-Besse. I joined, I
13 moved with my two-years-old daughter, and eleven-years-old
14 daughter. My family also, they are in the back. They came
15 here to suffer this Davis-Besse restart.

16 This plant has done a tremendous amount of work, as
17 you have seen. Davis-Besse last two years have done over
18 140 modifications, 24,000 corrective actions, 15,000
19 distinct surveillances, and many, many others.

20 I mean, well done, in the Containment Building, in
21 the Auxiliary Building, into the other buildings. It's
22 very clean, and very good condition, and looks new.

23 If you compare this Davis-Besse plant and the plant,
24 those were built in 1977, you will see that this plant is
25 much, much, much better condition. Even the plant, those

1 are built in 1987, still this plant is better than those
2 plants. Why I'm saying so? Because I have been in those
3 plants. I know I can testify it.

4 I am pretty much confident that this plant is in
5 excellent condition. As a engineering professional, I am
6 confident that this plant is safe and ready for restart. I
7 am requesting NRC to grant permission for restart.

8 Thank you for your attention.

9 MR. GROBE: Thank you very
10 much.

11 It's about quarter after 9, what I would like to do
12 is take one more comment from here at Camp Perry and then
13 go to any comments on the phone line, and allow them a few
14 minutes to provide comments.

15 MR. TRAHARNE: Good evening. My
16 name is Larry Traharne. I'm the Business Manager of IBEW
17 Local 245. I'm pleased to speak to you tonight on behalf
18 of over 900 men and women of Local Union 245 as you
19 contemplate the restart of Davis-Besse.

20 My message tonight is brief. We're for it. This
21 isn't just an academic discussion for us. We're uniquely
22 well qualified to address this issue. Fully over two
23 hundred of our members work at Davis-Besse. We believe the
24 NRC inspection regime performed as it was truly intended.

25 The serious issues it revealed have been properly,

1 thoughtfully and safely addressed. Additionally, my
2 international union, the International Brotherhood of
3 Electrical Workers is also firmly committed to the safe
4 operation of America's 103 nuclear power plants.

5 Not only do we have an insider's view of the
6 retrofits and the improvements, we also live in Oak Harbor
7 and the surrounding communities. Many of our families live
8 here; grandparents, mom's, dad's and the kids.

9 We've looked our loved ones in the eyes and we've
10 assured them that Davis-Besse is safer, stronger, and more
11 secure than ever before.

12 Tonight, I am here to convey our confidence to the
13 Commission and especially to our friends and neighbors. We
14 understand that they're looking for our assurance that this
15 will be fine; and it will be.

16 We've been there. We've seen the progress. We know
17 Davis-Besse is ready. We also know that our community
18 needs the energy that drives Ohio's economic engine. And
19 now that Davis-Besse is safer than ever before, we're ready
20 to restart the plant. Thank you.

21 MR. GROBE: Thanks, Larry.

22 At this point, what I would like to do is see if we can
23 take a few comments and questions from folks on the phone
24 line. I understand that we may still be having the same
25 feedback problem that we experienced earlier today. I hope

1 not, but we'll give it a try and see if we can get some
2 comments and questions from those on the phone.

3 OPERATOR: Our first caller
4 is Michael Keagan.

5 MR. KEAGAN: Michael Keagan.
6 Am I getting feedback on audio? Are you able to hear me?

7 MR. GROBE: Yes, I think so.
8 Keep going.

9 MR. KEAGAN: Okay. The fact
10 that Davis-Besse since '77, TMI accident, the actions of
11 tonight, 1985, where it came down to some 31 seconds of the
12 plant shutdown. And now the hole in the head, a hole in
13 the core. There is a hole in the core and there is a hole
14 in the core of the NRC which has been pointed out before.
15 It's not been a regulatory agency that's been regulating.

16 The reactor boric acid was raised in the generic
17 letters, the bulletin. Davis-Besse signed off on that
18 bulletin saying it was taken care of. And the NRC signed
19 off on that. Early at that time, the deception began.

20 The hole in the head on the reactor is merely a
21 symptom of a larger problem. That plant, that system,
22 the NRC, are systematically flawed. You have failed to be
23 a regulator. You have been captive by the regulation
24 industry.

25 Now, continuing problems going on, but they are not

1 resolved. I would like to know how many standing
2 maintenance back logs exist at this time? Would you
3 respond to me?

4 MR. GROBE: I'm not sure if I
5 can give you the exact number of preventative maintenance
6 activities that are in process at this time. I believe the
7 number of corrective maintenance activities is on the order
8 of two hundred or so, but I just don't have those specific
9 numbers at my fingertips.

10 MR. KEAGAN: On preventative
11 maintenance backlog, I want to know that we're watching
12 you, every one of those regulators in that room, and this
13 company, we're going to be tracking.

14 What occurred was a Chernobyl situation, and we'll
15 perhaps be looking at it again. We need our time for
16 humanity. And regardless, the NRC, we're going to be
17 tracking you, to make those decisions. We'll be tracking
18 your careers. We'll be following you.

19 MR. GROBE: Thank you very
20 much. Let me respond a little bit more broadly to what I
21 think you're comment and question was, just to make sure
22 that I hit the nail on the head.

23 As is the situation in a plant that's in a long-term
24 shutdown, there is many issues identified that are put into
25 the Corrective Action Program. Some of those are not

1 safety significant to the point where they need to be
2 completed prior to restart, and end up in what is referred
3 to as a backlog. And there will be some engineering
4 activities and some maintenance activities; there is a
5 whole variety of activities, procedural changes that enter
6 into the backlog. That backlog currently contains more
7 than five thousand items.

8 That's a concern to us. And because of that, we
9 conducted a specific focused inspection on two particular
10 activities with regard to the backlog. One was the,
11 whether or not issues were properly prioritized from the
12 standpoint of whether they need to be completed prior to
13 restart or after restart. And, we found that FirstEnergy
14 had done an adequate job segregating those specific items
15 as prerestart and post restart.

16 The second thing is once you have a backlog of items
17 to be accomplished post restart, it's possible that there
18 maybe a synergy between those issues. While an individual
19 issue did not rise to the level of being something that
20 needed to be completed prior to restart, there may be a
21 relationship between multiple issues that caused them,
22 while not individually significant, but collectively to be
23 more significant.

24 We utilize three individuals who are qualified in
25 our organization as, what we call a Senior Reactor

1 Analyst. It's an individual who's got extensive experience
2 in nuclear operations and all of them have been prior
3 Senior Resident Inspectors, and then they receive two years
4 of training in risk analysis. And, so they're experts not
5 only in reactor operations, but also in probabilistic risk
6 analysis.

7 And those three individuals came out to the plant
8 and spent a considerable period of time evaluating from a
9 risk perspective the backlog of activities, and concluded
10 that there was no imbedded safety concerns or reason to be
11 concerned about the backlog.

12 Our continuing inspections, we'll make sure that
13 those issues that are safety significant get worked off in
14 an appropriate time frame, but from a restart perspective
15 none of those issues rise to the level of concern that
16 would cause us to move them into a prerestart category.

17 Is there, we had some difficulty hearing on the
18 phone, but let us try one more comment or question from the
19 phone lines and see.

20 MR. RUTKOWSKI RULAND: Jack, can I?

21 There is a couple other issues I think the question
22 raised. I would like to link two of those issues.

23 One, the question I believe talked about the
24 Chernobyl plant and talked about tracking the NRC. And
25 it's interesting that he links those, because had he been

1 near Chernobyl, he wouldn't have been able to track it.

2 Chernobyl was built in basically a closed society.

3 And, that kind of plant, of course, wouldn't have been

4 permitted to be built in the United States. And, in fact,

5 the people near that plant couldn't have tracked it. So, I

6 welcome the callers assertions that he's going to be

7 tracking us. And, as a matter of fact, this very meeting,

8 the phone call that the caller is on, is part and parcel of

9 our commitment to foster that tracking. We want him to

10 track, not only him, but all the citizens both nearby and

11 far away from Davis-Besse.

12 As you might, as anybody who has visited our website

13 in the near, or recently, it continues to have more and

14 more information to help people track the progress and to

15 hold us accountable. Frankly, I welcome that. So, I

16 encourage the caller to not only track what we're doing,

17 but like Donna Lueke was urging us to do, was to give real

18 answers to real questions. We look forward to doing that.

19 Thank you.

20 MR. GROBE: Well stated,

21 Bill. Thank you.

22 Is there another question or comment on the phone

23 lines?

24 OPERATOR: Michael Keagan is

25 still on the line.

1 MR. KEAGAN: Thank you.

2 Michael Keagan. I couldn't tell whether you heard my
3 comments or not. I just wasn't sure. You, in fact, did
4 hear them, and I'll be tracking you and the documents as
5 well.

6 And, this plant has a track record, they have a
7 track record of looking downwind of this plant. And the
8 NRC is on the line more so than Davis-Besse. And it's
9 really their career is on the line here. So, you better
10 know what you're handling here.

11 So, those are my comments. And again, I am opposed
12 to the restart of the plant. It's foolish to have spent
13 five hundred million dollars when you're going to be
14 replaced by solar and wind. It's a shame, it's a shame,
15 It's a shame. That's it.

16 MR. GROBE: Okay, thank you
17 very much.

18 OPERATOR: We have a question
19 from Tom Gurta Gurdziel. Your line is open.

20 MR. GURTA GURDZIEL: Good evening, Tom
21 Gurta Gurdziel here in New York State. First off, I want to thank
22 you for the telephone system tonight. It's working since
23 about 7:20 at about 85 percent, which is quite an
24 improvement for me for the transcript.

25 Secondly, I guess I want to say thank you to the

1 present and the past members of the 350 Panel. I'm very
2 confident in the fact of your work, and thank you for the
3 work you've been doing.

4 So, I have two questions and a statement. First
5 question is, are security and programs found to be
6 satisfactory at Davis-Besse Plant?

7 MR. GROBE: The answers to
8 that question, Tom, is yes. And I can't really go into
9 more detail than that.

10 MR. ~~GURTA~~ GURDZIEL: I have another
11 question on the backlog, and actually I want to ask it this
12 way. Has anybody put the backlog into hours and determined
13 that they can be worked off before the end of the plant's
14 20-year life?

15 MR. GROBE: The Licensee put
16 the backlog into work hours, and then costed that out. And
17 I can't remember the number, but I think it was around 20
18 million dollars worth of effort that they gained commitment
19 from the corporate FirstEnergy office to have that
20 additional money available to work the backlog. So, that's
21 an issue that has already been dealt with.

22 Is that it, Tom?

23 MR. ~~GURTA~~ GURDZIEL: I can't hear you.
24 Would you repeat that last part, I couldn't hear you?

25 MR. GROBE: I said that the

1 FirstEnergy Nuclear Operating Company has person loaded the
2 backlogged activities and costed them out, and it came to
3 approximately 20 million dollars of effort; and they
4 secured approval from the corporate office to have
5 additional funds for that amount, over I think it was a
6 couple years, to be able to resolve the backlogged items.

7 MR. GURTA GURDZIEL: Okay. Finally, I
8 have to say, I have concluded that FirstEnergy cannot run
9 Davis-Besse safely. So, therefore, I request that if you
10 do decide to give them approval to start, that it requires
11 a change of ownership to occur first.

12 Okay, thanks for this opportunity to talk.

13 MR. GROBE: Okay, thank you
14 very much.

15 MR. GURTA GURDZIEL: All right, bye.

16 MR. GROBE: I think what I
17 would like to do is ask other people that are on the phone,
18 we're having a great deal of difficulty understanding the
19 callers.

20 What I would like to do is ask them to email their
21 questions to us, and use the email address OPA, that stands
22 for Office of Public Affairs. OPA, the number 3, at NRC
23 dot gov. If you didn't hear that clearly, that email
24 address is all over our website. And, just email that, and
25 we'll get back to you with the answer to your question.

1 I would like to, and also the phone number, our
2 phone number is on the website and available on our public
3 newsletter. So, if you can't email, you can call us.

4 I would like to return to folks here in the
5 audience. If there is any other members of the audience
6 here at Camp Perry that have a question or comment, please
7 step forward.

8 Yes, sir?

9 MR. KHAN: My name is Ashar
10 Khan with Foresight. I just wanted to get a sense, Jack, we
11 heard issue of consistency, if you could wrap it up; are
12 you happy with the consistency that you have seen over, if
13 I mention your words, two months as you sit over here in
14 terms of making a decision?

15 MR. GROBE: I'm not going to
16 provide a time frame for a decision, because there is many
17 things that are outside my control in that decision-making
18 process. What I can tell you is that we have four
19 checklist items that are remaining open. We need to
20 resolve those issues. And underpinning that is what I
21 called earlier Restart Action Matrix. There is a number of
22 issues there that we need to address. And we also have a
23 document we called Process Plan, and those lay out a number
24 of activities that we need to accomplish.

25 So, there is a lot of work to do yet. I can't

1 speculate on, on when we would be completing that work. I
2 appreciate your question, because it gives me an
3 opportunity to go into a little more detail on the process
4 going forward.

5 The first step is for the panel to continue in its
6 evaluation of the inspection findings. Our meeting
7 tonight -- the meetings this afternoon and the meeting
8 tonight are helpful in that process of gaining
9 information. If we have additional needs for information
10 from the company, we will be getting back to them.

11 If in that course, the panel concludes that it needs
12 to perform additional inspections, it will schedule and
13 perform those inspections.

14 If the panel decides that at some point, that it
15 feels comfortable that the plant can be restarted safely
16 and will operate safely into the future, then it would make
17 that recommendation. The panel doesn't make a decision, it
18 makes a recommendation to Jim Caldwell, and he has a number
19 of activities that he will accomplish. And I'm sure one of
20 them will be carefully questioning us on the basis for our
21 conclusions, so that he can gain confidence. And then
22 consulting the various folks in headquarters.

23 So, it's a bit of a process. It involves a lot of
24 people. There is certainly the potential that there could
25 be additional questions that come up. And, so, I can't

1 speculate on how long it would take.

2 MR. KHAN: Could you tell us
3 if the remaining open items are pretty low significance or
4 is anything which is of any high significance which could
5 delay things?

6 MR. GROBE: The only -- let me
7 think for a minute, make sure I give you a correct answer.

8 The only remaining open issue that has a
9 significance greater than green, and green is our lowest
10 risk level, is the, well, potentially greater than green is
11 the high pressure injection pump Restart Checklist item.
12 We have done most of the work and our review of that issue
13 is complete. The reason it was called out specifically as a
14 separate checklist item was because of its risk
15 significance.

16 We still have some additional analysis to do to be
17 fully satisfied that we agree with FirstEnergy's
18 conclusions regarding the adequacy of that pump, and that
19 work is ongoing right now.

20 I don't believe there are any other risk significant
21 outstanding issues. There is a number of lower level
22 significance issues. And, as I mentioned before, in the
23 questioning of FirstEnergy, there is two things that we
24 need to be confident of as a panel before we would
25 recommend to Jim Caldwell that the plant is ready to

1 restart; one is that the plant meets our safety
2 requirements at the time of restart, and the second is that
3 we have confidence in going forward, that it will continue
4 to meet our safety requirements and it will not, there will
5 be a very low likelihood of any recurrence of the kinds of
6 situations that occurred in the past at Davis-Besse.

7 We may conclude that we need additional information
8 or additional commitments or we need to impose additional
9 requirements on FirstEnergy. It's difficult to speculate
10 on that at this point.

11 We need to go through our process. We're in our
12 process. We need to complete that. I can assure you that
13 it's not focused on meeting anybody's schedule. It's
14 focused on making sure the plant is safe and will remain
15 safe if it's allowed to restart.

16 MR. KHAN: But if I could
17 just end by asking the next thing we'll hear in the public
18 will be whether a decision for restart has been granted by
19 Jim; is that correct; or we won't hear anything else other
20 than that?

21 MR. GROBE: I don't
22 anticipate additional public meetings, but there could be
23 additional public dialogue in the sense of press releases
24 or additional letters going back and forth between
25 FirstEnergy and the NRC.

1 So, I don't anticipate further public meetings
2 before restart, but that could change. I mean, that's not
3 a guarantee.

4 MR. KHAN: Thank you very
5 much.

6 MR. GROBE: Okay, thank you.

7 MS. WEIR: Hi, I'm Shari
8 Weir, and tonight we have to deliver for Mr. Caldwell
9 letters and messages from 1,100 Northern Ohio residents
10 urging that the NRC follow its mandate to protect public
11 safety by not allowing FirstEnergy to restart the
12 Davis-Besse Nuclear Power Plant.

13 I also want to just quickly say that we fully
14 understand that the problems at Davis-Besse were caused by,
15 by management at the plant, and management of FirstEnergy
16 and that future problems would also be the result of
17 management at the plant and management at FirstEnergy and
18 not the workers.

19 Thank you.

20 MR. GROBE: Thank you very
21 much. We have been carefully reading the letters that you
22 have provided to us in the past, and have responded to most
23 of them. In reading those letters, our most, our highest
24 level of interest is on anything that is a potential safety
25 issue that we need to deal with.

1 We appreciate your perspective and concerns, but we
2 screen them for any potential safety issues or equipment
3 deficiencies or specific concerns that are important for us
4 to follow-up on.

5 I don't believe we've identified any specific safety
6 concerns or specific issues with respect to the plant. We
7 appreciate the perspectives, the general perspectives that
8 your folks have been providing us. We may not be able to
9 respond to all of these letters on a timely basis. And,
10 what I mean by that is before restart. It takes a long
11 time to read a thousand letters and respond to them.

12 But we will read them and we anticipate responding
13 to them. We appreciate the fact that you are providing
14 them to us and there is a number of concerned people out
15 there.

16 I won't make Jim Caldwell carry them back to the
17 Region office though, I think we'll do that for him.

18 MS. WEIR: That's good of you
19 and you basically just said the plant is going to restart.
20 Thank you.

21 MR. GROBE: I don't believe I
22 said that. What I said was that we're very busy right now,
23 and we haven't identified any specific safety issues in the
24 prior four or five thousand letters that you've given us.
25 What I would like to do is, if you know of any specific

1 safety issues at the plant or specific technical issues
2 that you think need to be brought to our attention, please
3 bring them to our attention.

4 And we will read the letters and we will get to
5 them, I just can't assure you that that will happen before
6 a restart decision is processed. We're very busy at the
7 moment and we need to continue our focus.

8 So, I would ask you to bring any specific issues to
9 our attention if there are specific issues there;
10 otherwise, we plan on responding to each of those letters.
11 Thank you.

12 MS. BUCHANON: My name is Sandy
13 Buchanan. I'm the Executive Director of Ohio Citizen
14 Action. We're the state's largest environmental
15 organization, with a hundred thousand members state-wide,
16 many of them in the Northern Ohio area and in this
17 community.

18 I have written information which I've already
19 submitted, so I will not read that out loud. We do have
20 three points why we believe FirstEnergy should not be given
21 permission to restart Davis-Besse. I want to zero in on
22 one of them though, I'll quickly mention the first two.

23 The first two are that the company cannot have
24 turned around its corporate safety culture in this quick of
25 a time period. As recently as December, there were very

1 serious violations found, and as Jack said earlier, yes,
2 there are some ideas and programs in place, but it is not
3 possible or, give the public any confidence that it's
4 anything other than promises at this point, particularly
5 given the decision of the Board of Directors quite recently
6 not to change direction, but to appoint Mr. Alexander who
7 has been Chief of Operations during this entire time period
8 as Chief Executive Officer.

9 The second point is that FirstEnergy's financial
10 situation which has driven the production over safety
11 mentality which we've heard so much about in the past has
12 gotten only worse in the last two years.

13 There has been a series of blows to the company,
14 everything from losing cases on failing to upgrade its coal
15 fired plants, not being able to sell the coal fired plants,
16 the blackout, and the huge investment needed in
17 transmission; of course, the safety problems at Davis-Besse
18 and the recent down grading of its debt.

19 As you know, the company requested a three billion
20 dollar rate case which is currently being discussed in
21 Columbus. They numerous times promise that they need that
22 for their financial operations and there is certainly no
23 guarantee they will get that. So, we do not see that as a
24 sign of confidence or as a sign that they will be able to
25 slow down this production over safety mentality.

1 But what I would like to zero in on tonight is the
2 fact that FirstEnergy and individuals who may have been
3 responsible for the conditions which led us here tonight
4 have not been punished for the negligence and the possible
5 criminal activity in allowing Davis-Besse to come within
6 three inches, 3/8 of an inch of a nuclear disaster.

7 As has been mentioned earlier, the Grand Jury
8 investigation while under way as a secret process, it has
9 not been completed. We do not believe that this company
10 should be given restart permission until the Grand Jury and
11 any other criminal investigations and procedures and trials
12 are complete. It sends absolutely the wrong message out to
13 the rest of the industry; that action of this seriousness
14 could be allowed to kind of skate by and the plant allowed
15 to restart before consequences have been levied.

16 I have some new information, which we just put
17 together this afternoon from looking at Freedom of
18 Information Act information available through the Freedom
19 of Information Act, and this is where my question lies.

20 According to the Root Cause Analysis and other
21 things done by both FirstEnergy and the Nuclear Regulatory
22 Commission, the problems with the hole in the head began
23 around 1994, 1996. The situation continued on through
24 1998, where there was some decisions made, documents signed
25 by key people at the plant. Again, more things going on in

1 2000, and finally the discovery in 2002.

2 When we, and I will provide this in writing, but I
3 just have a list here to read. When we looked through
4 those documents and look at the key individuals who signed
5 many of the reports that covered up the corrosion or said
6 no action was needed or contradicted other reports, none of
7 the names are people that, to, as far as we know, although
8 we would like to request information about this, are still
9 employed within FENOC, some may even be at Davis-Besse,
10 some may be in decision-making roles in FENOC.

11 Given Mr. Leidich's earlier comments about the
12 critical relationship between the three plants and sharing
13 information and the corporate culture, if any of those
14 individuals are eventually found to be through a proper
15 legal process responsible and prosecuted, we do not believe
16 that they should be allowed to be operating nuclear
17 plants. And, again, it sends the wrong message.

18 I will just read some of the names and I will
19 provide them as well. These are names that we are curious
20 as to whether they are still involved in FENOC: Robert
21 ~~Donalyn~~ Donnellon, Don Shelton, Lonnie Worley, Jim Lasch, Robert Hod,
22 Dave Eshelman, Michael Stevens, Theo Swim, David Lockwood,
23 Joseph Rogers, Dale ~~Woo~~ Wuokko, Phillip Schultz, Henry Stevens,
24 Robert Schrauder, Patrick ~~McCluskey~~ McCloskey, Robert Pell and John
25 ~~Mesina~~ Messina.

1 Those are all questions we think the public has a
2 right to know whether those individuals are under
3 investigation, whether we may at some point find out if
4 they played a critical role in what led us here today.

5 Thank you.

6 MR. GROBE: I can give you a
7 preliminary response. Some of those names are familiar to
8 me, and I am confident that they're still involved in
9 activities at Davis-Besse or other FirstEnergy plants.
10 Some of those names are not familiar to me.

11 I'm uncomfortable with your inference that all of
12 those names or individuals who had some signature on
13 various documents that you've obtained has any relationship
14 with the ongoing federal investigation. I don't think
15 there is a nexus there and I think it's inappropriate to
16 make that connection.

17 MS. BUCHANON: The problem is,
18 Jack, we don't know. It's a secret process. So, I'm
19 saying the public is in the dark about exactly what's being
20 investigated, because we're not allowed privy to the Grand
21 Jury and you're saying we're not going to see the results
22 of the Grand Jury before you make the decision. So, that's
23 why I'm asking.

24 MR. GROBE: That's correct,
25 and we've talked about this in the past. And I mentioned

1 it somewhat in response to Mr. Lodge's questions earlier
2 this evening. I don't think any of us would want Grand
3 Jury proceedings to be public. They're private for a
4 reason, and that's to protect the innocent.

5 We have a very clear and carefully crafted
6 relationship with the Department of Justice to ensure that
7 the safety of the public is paramount in the proceedings of
8 any investigation, that that takes precedent over any other
9 standards.

10 If necessary, and as I mentioned earlier, a member
11 of Jim Dyer's staff from NRC Headquarters, a senior
12 executive on his staff has been made what's referred to as
13 an agent, and he works with the Department of Justice, and
14 he maintains an awareness of what's going on in Grand
15 Jury.

16 He can't tell us anything he knows, because that's a
17 secret process that's protected by law, but what he can do
18 is a continual assessment of the ongoing federal
19 investigation; and if there is a need, he can get the
20 Department of Justice to seek permission through court
21 order to release information to us, if there is a safety
22 need, because safety is the number one priority in our
23 relationship with the Department of Justice.

24 We have evaluated all the evidence generated to-date
25 through this investigation and concluded that there is no

1 immediate safety issues or concerns associated with the
2 individuals that are involved in that investigation.

3 So, I guess what I have to say is, you're going to
4 have to trust us, because those are the laws of our
5 country. We don't release Grand Jury information. We have
6 the permission -- or the relationship that if there is a
7 safety issue, they will proceed and support us in dealing
8 with that safety issue whatever is necessary. We're
9 monitoring that, and if there is a safety issue, we'll deal
10 with it. As of right now, there is not.

11 MS. BUCHANON: I appreciate
12 that's a judgment call at this point, but my major point
13 is, that we believe the Grand Jury process should be
14 allowed to make its way through criminal investigations,
15 criminal trials, whatever they are, before you would allow
16 this plant permission to restart.

17 MR. GROBE: I appreciate
18 that's what you believe, but absent a safety reason to
19 prevent this plant from restarting, it would not make sense
20 to, it would not be consistent with our rules and
21 regulations to prohibit this plant from restarting simply
22 because there is an ongoing investigation, something that
23 happened years ago, by people that can't have an impact on
24 safety.

25 MS. BUCHANON: Well, that becomes

1 the question now that's valid.

2 MR. GROBE: It's a question
3 that you're going to have to trust us on. We have done
4 those evaluations consistent with our procedures and we
5 will continue to monitor the ongoing federal
6 investigation.

7 I don't know if you wanted me to respond to those
8 other comments?

9 MS. BUCHANON: No, that's all
10 right. I know we're short on time.

11 MR. GROBE: Okay. Thank you.
12 I have to tell you, I appreciate your involvement in
13 the Davis-Besse situation, and I appreciate the opportunity
14 that Jim and I have had to meet with you once in the summer
15 and again this morning, I guess. Seemed like a long time
16 ago.

17 Thank you.

18 MS. BUCHANON: Thank you.

19 MS. BOWSER: Hi, thank you for
20 the opportunity. My name is Erin Bowser and I'm the State
21 Director of Ohio Public Interest Research Group. Ohio
22 Public is a nonprofit consumer and environmental advocacy
23 organization and I've been State Director for roughly six
24 months. I just have a few questions. They'll be brief.

25 As recently as last November, the NRC reported that

1 one fourth of all control room and equipment operators
2 indicated that they believe FirstEnergy puts profits ahead
3 of safety. What number of control room and equipment
4 operators now believe that FirstEnergy puts profit ahead of
5 safety?

6 Number two, the Lessons Learned Task Force made 49
7 recommendations that the NRC accepted to proof -- to
8 improve your oversight of nuclear power plants. Can you
9 tell me how many of those 49 recommendations have been
10 implemented, what they are, and if the NRC is committed to
11 implementing all of the recommendations before making a
12 decision on FirstEnergy application?

13 MR. GROBE: Is that it?

14 MS. BOWSER: Yes.

15 MR. GROBE: Excellent. I

16 think I'm able to give good answers to both those
17 questions.

18 The first question you asked, I think is a little
19 bit, not fully contextualized. The survey results, I'm not
20 sure about the numbers, but the survey results weren't as
21 clear as what you articulated, that a certain percentage of
22 the operators believe that management placed profits ahead
23 of safety.

24 The basis for our conclusions today are the
25 inspection we presented the results of this afternoon, and

1 that involved a thorough review after the identification of
2 those trends in a couple of departments at FirstEnergy that
3 were not positive trends; they were trends in the negative
4 direction.

5 Overall, the plant was on a positive course, but
6 there were a couple of departments that had some downturns
7 under certain of the attributes, and FirstEnergy did a
8 comprehensive review of that. We had a very large team, I
9 think it was 8 or 10 folks here, for a week and a half or
10 so, maybe two weeks, doing an evaluation of FirstEnergy's
11 review after they completed it, but more importantly doing
12 dozens and dozens of independent interviews and dialogues
13 with people in those critical departments. And, to make
14 sure that we understood what was doing on and what the
15 current perceptions were.

16 And our conclusion was that the issues were
17 adequately addressed. And we've closed that Checklist
18 item. That was Checklist Item 4b, in other words, the
19 Effectiveness of Corrective Actions in Management and Human
20 Performance Area.

21 So, we had a comprehensive inspection and reported
22 on it this afternoon. And, while there are still
23 opportunities to improve and will continue to be
24 opportunities to improve in the future, that specific area,
25 the panel concluded, was adequately resolved for restart.

1 The Lessons Learned Task Force, I'm going to ask Jim
2 Dyer, because that's, I think it's out of his shop, and I
3 believe there is a semi-annual Commission Report that we
4 provide and that's a public document. And I believe that
5 he just recently did -- no, recently getting ready to do
6 that.

7 Jim, could you give us more details on that?

8 MR. DYER: Yes.

9 I'm Jim Dyer, Director of Nuclear -- NRR, Nuclear
10 Reactor Regulation at the NRC. And, you're correct, Jack.
11 The, we are still implementing all 49 of the
12 recommendations. At the end of this month, we owe a
13 semi-annual report to the Commission, which will have the
14 current status of those. In fact, on the 26th of this
15 month of February, there will be a Public Commission
16 Meeting where we will be reporting out on the status of
17 the, of the Lessons Learned Task Force recommendation in
18 the four key areas.

19 I think of most import is in December, the
20 Commission finished an extensive Operating Experience Task
21 Force Review, where they made a large number of
22 recommendations for how to improve the way we get our,
23 share experience from both overseas to, operating
24 experience overseas as well as internally within the United
25 States plants and how we implement those into our

1 regulations and our inspection programs.

2 So, we're expecting a lot of work in that area right
3 now, in a more detailed flushed out set of milestones and
4 activities coming, if not at the end of this month, then
5 certainly to the next report as to how we are exactly going
6 to go through this rather significant change in the way we
7 do business.

8 MS. BOWSER: May I follow-up
9 quickly on that question, please?

10 MR. GROBE: Absolutely. The
11 rest of your question was, are all 49 going to be done
12 before this panel considers restart of Davis-Besse. And,
13 the answer to that question is there is not a relationship
14 between the Lessons Learned Task Force actions and the
15 restart of Davis-Besse. That's not part of our checklist.
16 It's not part of our consideration.

17 We're not shutting down other operating nuclear
18 power plants because of those recommendations, so it would
19 not be appropriate to hold Davis-Besse if the plant could
20 be restarted safely.

21 That doesn't mean we don't take these improvement
22 issues seriously, and many of them are largely implemented
23 already. And, as Jim said, you'll be able to get access to
24 that information, most recent information on the 26th.

25 MS. BOWSER: My follow-up is,

1 as of the time of the last public report, how many of the
2 recommendations had been implemented out of the 49 that the
3 NRC had accepted?

4 MR. GROBE: Go ahead, Sam,
5 thank you.

6 MR. COLLINS: Thank you for the
7 question. I'm Sam Collins. The answer is 13, on the
8 recommendation that have been implemented and that includes
9 the follow-up to the bulletin that required inspections of
10 the reactor vessel heads, including inspection follow-up of
11 the completion of those activities.

12 MS. BOWSER: Thank you.

13 MR. DeMAISON: Good evening, I'm
14 Brad DeMaison. I'm Project Manager at Davis-Besse.

15 First, I would like to address a comment that was
16 addressed, made earlier regarding the lady that read the
17 names of the individuals off. Those individuals I know
18 personally. I would work with them anywhere, any time,
19 they are true fine nuclear professionals.

20 The lady also referred to we cannot, how was it that
21 we are able to turn around our safety culture in two
22 years. She obviously is not familiar with the standard
23 Davis-Besse employee who is honest, hard working,
24 tenacious; and with our strong management team, we work
25 together as a team to turn around our safety culture. And

1 that is how we are able to accomplish it in two years.

2 Also, when the individual caller referred to
3 Davis-Besse having a track record. It is true we have a
4 track record. Something that we obviously are working hard
5 to overcome, but I can assure you our track record going
6 forward will be one of excellence.

7 Again, I'm Brad DeMaison, and I'm here also to tell
8 you personally that I am committed to the safe and reliable
9 return to service at Davis-Besse. Thank you.

10 MR. GROBE: Thanks, Brad.

11 MS. RUST: Hello I am --

12 MR. GROBE: Before you start,
13 it's about four minutes to ten, so I think what we'll do is
14 we'll take these four folks here and then call it an
15 evening.

16 MS. RUST: Okay, thank you.

17 I am Beverly Rust of Oak Harbor. I am a native
18 Toussaingter. I grew up on a small family farm about three
19 miles from Davis-Besse. My husband Dave and I chose to
20 build our home and raise our four children on that same
21 family farm along the Toussaint River.

22 I can tell you that the residents of Carroll
23 Township and the Oak Harbor area never asked for a nuke
24 plant to be built in our backyard, but after 30 some years
25 together, I think we could not have asked for a better

1 industrial neighbor.

2 We have fresh air to breathe and clean water in our
3 river and lake. Our wildlife agencies have worked with the
4 owners of Davis-Besse to maintain a large portion of the
5 plant property as a nature preserve.

6 The plant has provided jobs to our community, a good
7 tax base, and of course, all that electricity that we love
8 to use.

9 Three years ago, I was hired as a contractor at
10 Davis-Besse to help write the maintenance procedures. I
11 remember being very impressed with the level of detail, all
12 the rules and regulations, and the high regard for nuclear
13 safety that are just normal business, everyday life in the
14 nuclear industry.

15 Two years ago, like most workers at Davis-Besse, I
16 was shocked to learn about the hole in the reactor head,
17 and then to find out that a lax safety culture was identify
18 as a Root Cause. However, over the past two years, workers
19 at Davis-Besse have come to realize that each of us has a
20 responsibility to be vigilant and to identify any and all
21 potential concerns.

22 Everyone knows that they have a duty to write a
23 Condition Report any time they think there may be a problem
24 or even a minor concern, to ensure that every problem is
25 properly addressed.

1 Workers have developed questioning attitudes and
2 will not accept inadequate answers. We have learned a hard
3 lesson.

4 Our equipment has been upgraded and many processes
5 have been improved. The plant is ready and so are we.

6 Like many people in this room, I signed that big
7 banner back there to show my personal commitment to nuclear
8 safety. Our Site Vice President, Mark Bezilla, tells us
9 "We have all the time we need to do each job right the
10 first time, but not a moment to waste."

11 I stand behind Mark and FirstEnergy in supporting
12 the safe restart of Davis-Besse.

13 MR. GROBE: Thank you.

14 MR. NONEMAKER: Hello, my name is
15 Kenny Nonemaker. I'm Site Superintendent for Kennis Line
16 Paint Contractor.

17 MR. GROBE: Turn the mike down
18 if you want to.

19 MR. NONEMAKER: Paint contractor.
20 I've been at Davis-Besse for about 22 months.

21 When I first came to Davis-Besse -- first, let me
22 say this. Davis-Besse done, the personnel out there have
23 done a great job. They have refurbished this plant, made
24 it better than it's ever been before. The material
25 conditions are excellent. They've done lots of

1 modifications to make sure this place can run safe.

2 22 months ago when I first came out here, I saw the
3 makings of a team, but a team with the wrong concept. In
4 the 22-month period that I've been there, through the
5 management realignment, the change in the personnel, and
6 reassigning people, I feel that Davis-Besse hasn't only
7 built this plant to be safe, they have taken and built a
8 team that has focused theirself solely on the safety in
9 operating the plant and reliability of operating this
10 plant.

11 I would like to commend them for all their efforts,
12 and I ask that you allow them to restart Davis-Besse.

13 Thank you.

14 MR. GROBE: Thank you very
15 much.

16 MR. KENDALL: Good evening. My
17 name is Joseph Kendall, and I'm an electrical engineer in
18 the Design Unit at Davis-Besse.

19 I believe Davis-Besse is ready for restart. I not
20 only work at Davis-Besse, but I live next to Davis-Besse.
21 I go to work each day knowing that the manner in which I do
22 my job affects the safety of not only my family, but my
23 friends and my neighbors. That is why as a nuclear
24 professional, I give you my oath, as I'm sure all of my
25 colleagues would, as is proven by the sign which we all

1 signed back there saying that we're ready for restart, to
2 put safety first every day and ensure that I will do my
3 part to keep safety at the forefront of my management's
4 priorities.

5 Thank you.

6 MR. GROBE: Thank you.

7 MR. RITTER: Hi, my name is
8 Dave Ritter. I work with Public Citizen, the Critical Mass
9 Energy and Environment Program, Washington, D.C.

10 Overall, I hope to address the concept I've heard
11 about that we should trust the NRC. Trust us.

12 For nearly two full years, the Davis-Besse nuclear
13 reactor has been little more than an electricity and money
14 consuming reminder of the inherent problems and extreme
15 risks to nuclear power. The bright side of that scenario
16 is that the community has been marginally safer with the
17 reactor shut down.

18 From the first deal NRC struck with FENOC to
19 postpone a critical inspection to the discovery of the
20 football size hole in the vital vessel head component, and
21 on through to the recent errors during testing, Davis-Besse
22 has a striking example of how not to run a nuclear
23 reactor. And the risks involved and regulators
24 act primarily as promoters for the industry.

25 FirstEnergy has demonstrated it has little or no

1 safety culture. FirstEnergy, the owner/operator licensed
2 by the NRC to run Davis-Besse has finally admitted that
3 emphasis was placed on production over safety and that
4 financial considerations were behind their resistance to
5 shutting down the reactor by a deadline originally put
6 forth by the NRC to allow for conducting safety
7 inspections.

8 Some evidence does suggest that FirstEnergy had
9 knowledge and photographs of leaks and corrosion on the
10 reactor's vessel head and did not previously disclose these
11 to the NRC. In the two years since Davis-Besse was shut
12 down, FirstEnergy has had massive, has fed massive
13 quantities of money into the reactor. It will inevitably
14 be attempting for FENOC to recoup these costs in creative
15 ways that could compromise safety or security.

16 NRC risked public health and safety by striking a
17 deal with Davis-Besse's owners. As the situation at
18 Davis-Besse unfolded in late 2001, NRC had every reason to
19 force FirstEnergy to shut down the reactor immediately.
20 According to the technical specifications that Davis-Besse
21 is required to operate by, leakage from the reactor vessel
22 requires that the vessel be shut down within 30 hours.

23 NRC knew that cracks and leaks had occurred at other
24 reactors of the same type as Davis-Besse, pressurized water
25 reactors, PWR's and they knew that Davis-Besse was highly

1 susceptible to those cracks and leaks.

2 The NRC, considering costs and convenience of the
3 reactor operators, established an arbitrary deadline of
4 December 31, 2001, for full shutdown of the plants that it
5 believed were at highest risk, of which Davis-Besse was
6 one. FirstEnergy protested that deadline and indicated a
7 preference for a March 30th, 2002, shutdown, for which the
8 reactor was already scheduled to shut down for routine
9 refueling.

10 In the end, the shutdown order for Davis-Besse was
11 not issued to FirstEnergy and a compromise was made upon
12 compromise as NRC agreed to a February 16 shutdown date.

13 NRC's own office of the Inspector General judged
14 NRC's actions as improper. The OIG is the Nuclear
15 Regulatory Commission's internal investigative agency. An
16 event inquiry report from the OIG released on December
17 30th, 2002, entitled NRC's Regulation of Davis-Besse
18 Regarding Damage to the Reactor Vessel Head, raised many
19 troubling questions pertaining to NRC's ability to
20 effectively safeguard public health and safety.

21 In short, the internal investigative body of NRC
22 found that the agency knowingly permitted a reactor to
23 operate with reduced safety margins for the sake of the
24 industry's practical convenience. And the agency could not
25 assure protection of the public's safety and health due to

1 these decisions.

2 A survey of NRC's employees has found NRC's own
3 safety culture to be deficient. A recent report puts the
4 Davis-Besse incident and the NRC's response in sharp
5 relief. The OIG Commission, an outside independent firm to
6 conduct the 2002 survey of NRC's safety culture and
7 climate. The Inspector General's issuance of the survey
8 included a number of disturbing revelations, all of which
9 have relevance to the Davis-Besse incident.

10 In regard to safety and security, the IG determined
11 that quote "Many NRC employees perceive a compromise in the
12 safety culture" and that quote "Safety training is
13 considerably based on outdated scenarios that lead the
14 security of the nuclear site and the U.S. vulnerable to
15 sabotage." Only slightly more than half, 53 of percent of
16 employees feel it is quote "Safe to speak up in the NRC."

17 Compared to the same survey performed in 1998,
18 there was a quote "Significant decrease in the percentage
19 of employees who felt that NRC's commitment to public
20 safety is apparent in what we do on a day-to-day basis."
21 Broader critical findings revealed in the report, included
22 the fact that quote, "Employees tend to be confused
23 regarding overall agency mission" end quote.

24 Dovetailing this confusion in our own longstanding
25 critique that the agency acts more as promoter of nuclear

1 power than as a regulator, the report also found quote
2 "Concern that NRC is becoming influenced by private
3 industry and its power to regulate is diminishing" end
4 quote, within the ranks of the NRC itself.

5 One must ask, if the NRC's own employees feel
6 confused about the agency's mission, feel that the safety
7 culture is compromised, and are concerned with the nuclear
8 industry's influence over its own regulatory agency, how
9 safe can the public possibly feel about any recommendations
10 from the NRC regarding FENOC's safety culture and the
11 approval for Davis-Besse to restart.

12 Wrapping up. FirstEnergy's violation in the
13 operation of the Davis-Besse reactor have been egregious
14 and extremely significant in their potential impact on
15 public health and safety. The NRC failed to act as the
16 strict regulator the public expects it to be.

17 FirstEnergy has been given numerous second chances
18 to prove that it can operate Davis-Besse safely. It has
19 failed. Now the NRC is being given a second chance to
20 prove that it is a serious regulator of the nuclear power
21 industry, working to safeguard public health and safety.

22 To demonstrate this, it is most appropriate that NRC
23 not permit FENOC to restart Davis-Besse. Our organization
24 does not trust NRC.

25 That's it. Thanks.

1 MR. GROBE: Thanks for your
2 comments. Just a couple of things. As Bill so aptly
3 stated, we're here at least every month, and we'll continue
4 to be here on a regular basis into the future. You don't
5 need to trust us. You can come here and you can listen.
6 You can question us and we'll answer your questions.

7 My comments to Sandy Buchanon were strictly related
8 to the specific issue of review of the ongoing federal
9 investigation.

10 The Chairman very clearly replied to the Inspector
11 General's December 2002 Report, and I think that reply was
12 within days of the report being issued. And that's
13 certainly a matter of public record.

14 We have many different levels of oversight in the
15 agency. One is NRR, the Office of Nuclear Reactor
16 Regulation, providing oversight and audit and assessment of
17 the Region performance. We have our Inspector General, who
18 performs regular evaluations of our performance. The
19 General Accounting Office performs evaluations of our
20 performance on a regular basis. We have oversight
21 committees on the House and Senate side that regularly
22 conduct hearings on our performance.

23 So, there is certainly many opportunities, and as I
24 said, we're out here all the time putting ourselves in
25 front of you and having you critique our performance.

1 There is many opportunities for folks to get information to
2 the NRC and be able to question us, and we look forward to
3 seeing you again in the future. Thank you.

4 This will be the last question. Thank you.

5 MS. GORDON: I appreciate it
6 very much. Good evening. My name is Mary Gordon. I
7 reside in Port Clinton, Ohio. My husband, Bill, and I own
8 and operate a successful portrait studio. We have been in
9 business in Port Clinton for 20 years. This community has
10 been very supportive of us.

11 You might ask the question, what would a small
12 portrait studio and this magnificent nuclear facility have
13 in common? The answer is the employment of about 850
14 people. The 850 employees of this facility are our
15 customers, past customers, present customers, and future
16 customers. They are also our friends and neighbors.
17 Without their support, the economic activity of the
18 business community would be greatly compromised to the tune
19 of approximately 15 to 30 million dollars annually.

20 If my customers, friends, and neighbors lose their
21 jobs, they will have to seek jobs elsewhere. Eventually
22 they will be forced to leave this community. Our portrait
23 studio and other businesses might have to close their doors
24 permanently. This downhill slide cannot be stopped if the
25 Davis-Besse Nuclear Power Station is not allowed to

1 restart.

2 I have been reading a very interesting article in
3 the National Geographic issue of February 2004. The
4 article skillfully deals with carbon dioxide put into our
5 atmosphere primarily from our use of fossil fuels. Quote.
6 "Each year humanity dumps 8 billion tons of carbon into the
7 atmosphere; 6.5 billion tons from fossil fuels and 1.5
8 billion tons from deforestation.

9 The conversion of fossil fuels into energy accounts
10 for 80 percent of the annual contribution to CO2 emissions,
11 with 60 percent of that coming from industrial emissions.
12 Carbon dioxide is foremost in a rate of gasses from human
13 activity that increase the atmosphere's ability to trap
14 heat. Few scientists doubt that this greenhouse warming of
15 the atmosphere is already taking hold." Unquote.

16 The Davis-Besse Nuclear Power Station produces no
17 emissions similar to the fossil fuel electric generators.
18 The 25 years of electricity generated at Davis-Besse has
19 averted more than one hundred million tons of by-products,
20 such as carbon dioxide, sulfur dioxide, and nitrogen oxide
21 from the atmosphere.

22 An important fact is that Davis-Besse has had an
23 excellent safety record for the past 25 years also. I am
24 not a scientist, but I believe that nuclear energy is a
25 natural way of producing energy established by the creator

1 of the universe. It is part of the natural order of
2 things. Is not the sun a nuclear reaction?

3 I thank all the employees here who are trying to get
4 this plant started by putting our safety foremost, and I
5 thank you for your attention.

6 MR. GROBE: Thank you very
7 much.

8 MR. REDFERN: I apologize for
9 being a little over the 10:00 deadline. My name is Chris
10 Redfern and I represent 125,000 residents that live along
11 the south shore of Lake Erie from Vermilion to the City of
12 Northwood. I'm a State Representative in the Ohio General
13 Assembly. I also serve in the capacity as Democratic
14 Leader in the House of Representatives. I have a very
15 brief three paragraph letter that I would like to read and
16 submit for the record.

17 "Dear Mr. Grobe, The Nuclear Regulatory Commission
18 was forced to close the Davis-Besse Nuclear Power Station
19 when the plant failed to meet certain safety standards.
20 During the intervening two years, the NRC, as well as the
21 operator, have addressed safety and design issues to such a
22 level, that I would recommend reactivating the plant.

23 In light of the progress that has been made toward
24 creating a strong safety culture at every level of
25 operation within the plant, and the acceptance, apparent

1 acceptance by the Nuclear Regulatory Commission that
2 on-site inspectors share a certain amount of responsibility
3 for their failure to aggressively react to corrosion
4 issues, I believe the operator meets and exceeds standards
5 set by the NRC for reactivation.

6 While safety standard at Davis-Besse may have deemed
7 deficient in the past, the current management is conscious
8 of its responsibility to ensure the safety of both
9 employees and local residents. Furthermore, increased
10 vigilance and oversight by the NRC will prevent management
11 from making the errors of the previous administration.

12 Finally, the local community is strongly in favor of
13 reactivating Davis-Besse. The plant, and its employees,
14 which I represent in the Statehouse, provides over 900 jobs
15 directly and indirectly, and its operation is vital to
16 maintaining a strong economy. The Davis-Besse Nuclear
17 Power Station can and should be operated. Reactivating the
18 plant immediately will increase the prosperity of the
19 community without compromising the safety of employees or
20 residents that I represent. I appreciate your efforts to
21 address this situation as soon as possible.

22 Sincerely yours,

23 Chris Redfern"

24 Thank you, sir.

25 MR. GROBE: Thank you.

1 I realize it's getting late. If there is anyone
 2 here who did not have a question responded to, and wants to
 3 approach us, we'll be here for a few minutes. You can also
 4 contact us; there is phone numbers, email addresses in the
 5 monthly newsletter that's out on the table.

6 Thank you very much for coming.

7 (Off the record.)

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1 CERTIFICATE

2 I, Marie B. Fresch, Registered Merit Reporter and
3 Notary Public in and for the State of Ohio, duly
4 commissioned and qualified therein, do hereby certify that
5 the foregoing is a true and correct transcript of the
6 proceedings as taken by me and that I was present during
7 all of said proceedings.

8 IN WITNESS WHEREOF, I have hereunto set my hand and
9 affixed my seal of office at Norwalk, Ohio, on this 23rd
10 day of February, 2004.

11

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Marie B. Fresch, RMR

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NOTARY PUBLIC, STATE OF OHIO
My Commission Expires 10-10-08.

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